This is a digital copy of a book that was preserved for generations on library shelves before it was carefully scanned by Google as part of a project to make the world's books discoverable online.

It has survived long enough for the copyright to expire and the book to enter the public domain. A public domain book is one that was never subject to copyright or whose legal copyright term has expired. Whether a book is in the public domain may vary country to country. Public domain books are our gateways to the past, representing a wealth of history, culture and knowledge that's often difficult to discover.

Marks, notations and other marginalia present in the original volume will appear in this file - a reminder of this book's long journey from the publisher to a library and finally to you.

Usage guidelines

Google is proud to partner with libraries to digitize public domain materials and make them widely accessible. Public domain books belong to the public and we are merely their custodians. Nevertheless, this work is expensive, so in order to keep providing this resource, we have taken steps to prevent abuse by commercial parties, including placing technical restrictions on automated querying.

We also ask that you:

+ *Make non-commercial use of the files* We designed Google Book Search for use by individuals, and we request that you use these files for personal, non-commercial purposes.

+ *Refrain from automated querying* Do not send automated queries of any sort to Google's system: If you are conducting research on machine translation, optical character recognition or other areas where access to a large amount of text is helpful, please contact us. We encourage the use of public domain materials for these purposes and may be able to help.

+ *Maintain attribution* The Google "watermark" you see on each file is essential for informing people about this project and helping them find additional materials through Google Book Search. Please do not remove it.

+ *Keep it legal* Whatever your use, remember that you are responsible for ensuring that what you are doing is legal. Do not assume that just because we believe a book is in the public domain for users in the United States, that the work is also in the public domain for users in other countries. Whether a book is still in copyright varies from country to country, and we can't offer guidance on whether any specific use of any specific book is allowed. Please do not assume that a book's appearance in Google Book Search means it can be used in any manner anywhere in the world. Copyright infringement liability can be quite severe.

About Google Book Search

Google's mission is to organize the world's information and to make it universally accessible and useful. Google Book Search helps readers discover the world's books while helping authors and publishers reach new audiences. You can search through the full text of this book on the web at `http://books.google.com/`

RUSSELL SAGE FOUNDATION PUBLICATIONS

THE PITTSBURGH SURVEY. Findings in six volumes, edited by Paul U. Kellogg. 8vo. Fully illustrated with photos by Hine and drawings by Joseph Stella. Maps, charts, and tables. Price per set, $9 net; per volume, $1.50 net.

WOMEN AND THE TRADES. By Elizabeth Beardsley Butler. Second edition. Price, postpaid, $1.72.

WORK-ACCIDENTS AND THE LAW. By Crystal Eastman. Price, postpaid, $1.73.

THE STEEL WORKERS. By John A. Fitch, New York Dept. of Labor. Price, postpaid, $1.71.

HOMESTEAD: THE HOUSEHOLDS OF A MILL TOWN. By Margaret F. Byington. Price, postpaid, $1.70.

THE PITTSBURGH DISTRICT. Symposium by John R. Commons, Robert A. Woods, Florence Kelley, Charles Mulford Robinson and others. (In press.)

PITTSBURGH: THE GIST OF THE SURVEY. By Paul U. Kellogg. (In preparation.)

CORRECTION AND PREVENTION. Four volumes prepared for the Eighth International Prison Congress. Edited by Charles Richmond Henderson, Ph.D. 8vo. Price per set, express prepaid, $10; per volume, $2.50 net.

PRISON REFORM. By Chas. R. Henderson, F. B. Sanborn, F. H. Wines and Others. And CRIMINAL LAW IN THE UNITED STATES. By Eugene Smith. Illustrated. 320 pages. Price, postpaid, $2.66.

PENAL AND REFORMATORY INSTITUTIONS. By Sixteen Leading Authorities. Illustrated. 346 pages. Price, postpaid, $2.70.

PREVENTIVE AGENCIES AND METHODS. By Charles Richmond Henderson, Ph.D. 440 pages. Price, postpaid, $2.68.

PREVENTIVE TREATMENT OF NEGLECTED CHILDREN. By Hastings H. Hart, LL.D. With special papers by leading authorities. Illustrated. 420 pages. Price, postpaid, $2.70.

JUVENILE COURTS AND PROBATION.

JUVENILE COURT LAWS IN THE UNITED STATES SUMMARIZED. Edited by Hastings H. Hart, LL.D. 8vo. 160 pages. Price, postpaid, $1.60.
(See also, Other Volumes in Preparation.)

TWO PRACTICAL BOOKS ON HOUSING.

HOUSING REFORM. A Handbook for Use in American Cities. By Lawrence Veiller. 12mo. 220 pages. 5 schedules. Second edition. Price, postpaid, $1.25.

A MODEL TENEMENT HOUSE LAW. Giving such a law section by section, with comment. By Lawrence Veiller. 130 pages. Price, postpaid, $1.25. Also, a Working Edition, printed on one side of the paper, unbound but wire-stitched. Price, postpaid, $1.25.

WORKINGMEN'S INSURANCE IN EUROPE. By Lee K. Frankel and Miles M. Dawson, with the co-operation of Louis I. Dublin. Part I. Industrial Accidents. Part II. Sickness and Death. Part III. Invalidity and Old Age. Part IV. Unemployment. Part V. Complete Insurance Systems. 8vo. 450 pages. 145 tables. Bibliography. Second edition. Price, postpaid, $2.70.

CHARITIES PUBLICATION COMMITTEE
PUBLISHERS FOR THE RUSSELL SAGE FOUNDATION
105 EAST 22d STREET, NEW YORK

OVER

RUSSELL SAGE FOUNDATION PUBLICATIONS

FOUR BOOKS ON SOCIALIZED SCHOOLS.

WIDER USE OF THE SCHOOL PLANT. By Clarence Arthur Perry. Illus 12mo. 404 pages. Second edition. Price, postpaid, $1.25.

AMONG SCHOOL GARDENS. By M. Louise Greene, M.Pd., Ph.D. Illus 12mo. 380 pages. Second edition. Price, postpaid, $1.25.

LAGGARDS IN OUR SCHOOLS. A Study of Retardation and Elimination Leonard P. Ayres, Ph.D. 8vo. 252 pages. Third Edition. Price, postpaid

MEDICAL INSPECTION OF SCHOOLS. By Luther Halsey Gulick, M.D Leonard P. Ayres. 8vo. 286 pages. Third edition. Price, postpaid, $1

THE STANDARD OF LIVING AMONG WORKINGMEN FAMILIES IN NEW YORK CITY. By Robert Coit Ch Ph.D. 8vo. 388 pages. 131 tables. 16 diagrams. P postpaid, $2.00.

CIVIC BIBLIOGRAPHY FOR GREATER NEW YORK. E by James Bronson Reynolds, for the New York Rese Council. 8vo. 312 pages. Price, postpaid, $1.62.

ONE THOUSAND HOMELESS MEN. A Study of Ori Records. By Alice Willard Solenberger. 12mo. 398 p 50 tables. Price, postpaid, $1.25.

THE ALMSHOUSE: Construction and Management. By Ale der Johnson. Illustrated. 12mo. 274 pages. Price, paid, $1.25.

HANDBOOK OF SETTLEMENTS. Edited by Robert A. W and Albert J. Kennedy. 8vo. 342 pages. Price, C postpaid, $1.64. Paper, postpaid, $0.85.

REPORT ON THE DESIRABILITY OF ESTABLISHING EMPLOYMENT BUREAU IN THE CITY OF NEW YO By Edward T. Devine, Ph.D., LL.D. 8vo. 238 p Paper. Price, postpaid, $1.00.

OTHER VOLUMES IN PREPARATION.

THE DELINQUENT CHILD AND THE HOME. By Sophonisba P. Breckinridge and Edith Abbott.

THE DELINQUENT BOY AND THE COURT. By Henry W. Thurston.

BALTIMORE SALESWOMEN. By Elizabeth Beardsley Butler.

LOCAL OPTION IN MASSACHUSETTS. By Amy F. Acton.

THE SOCIAL WORKER'S PROGRAM. By Edward T. Devine.

FOUR SPECIAL BOOKS recently published by Charities Pub tion Committee, which fill spaces hitherto unoccupied library shelves.

OUR SLAVIC FELLOW CITIZENS. By Emily Greene Balch, of the Fac Wellesley College. Part I. Slavic Emigration at Its Source. Part II. Immigrants in the United States. 8vo. 550 pages. 48 full-page illustr Price, postpaid, $2.50.

HOW TWO HUNDRED CHILDREN LIVE AND LEARN. By Rudolph R. R Superintendent New York Orphan Asylum at Hastings-on-Hudson. 248 pages. Illustrated. Second edition. Price, postpaid, $1.25.

VISITING NURSING IN THE UNITED STATES. By Ysabella Waters Henry Street (Nurses') Settlement, New York. 8vo. 367 pages. Price, paid, $1.25.

SOCIAL FORCES. By Edward T. Devine, Editor The Survey, General Sec New York Charity Organization Society, Schiff Professor of Social Eco Columbia University. 12mo. 226 pages. Second edition. Price, po $1.00.

CHARITIES PUBLICATION COMMITTEE

PUBLISHERS FOR THE RUSSELL SAGE FOUNDATION

105 EAST 22d STREET, NEW YORK

RUSSELL SAGE
FOUNDATION

WORKINGMEN'S INSURANCE IN EUROPE

By

LEE K. FRANKEL
AND
MILES M. DAWSON

WITH THE CO-OPERATION OF
LOUIS I. DUBLIN

NEW YORK
CHARITIES PUBLICATION
COMMITTEE . . . . MCMXI

Copyright, 1910, by
THE RUSSELL SAGE FOUNDATION

Printed August, 1910
Reprinted September, 1911

YALE LIBRARY

PRESS OF WM. F. FELL CO.
PHILADELPHIA

I414
F82
1911

FOREWORD

REALIZING that the subject of insurance for workingmen was one of great importance and that it was a pressing one in the United States, the Russell Sage Foundation early in 1908 secured the services of Mr. Lee K. Frankel to make a study of insurance in Europe. Mr. Frankel was specially qualified for the work by his wide experience in social work and a knowledge of the problems involved gained by acquaintance with families of working people. Soon after he began to plan the study he associated with him Mr. Miles M. Dawson, who was thoroughly expert on the technical side of insurance and well informed as to its social bearings.

Information about workingmen's insurance is specially needed at this time. Eight states have appointed official commissions to study the subject and report plans for adoption. These commissions include employers, members of trade unions and social workers. A committee of the National Manufacturers' Association, after much study, submitted an interesting report at the recent annual meeting of the Association. The committee's resolution adopting the principle of compensation, in preference to the system of employers' liability now prevalent, was passed unanimously, as well as a resolution urging a wider use of preventive machinery. Two conferences of members of state commissions and others interested have been held. The interest in insurance is evidently widespread and steadily growing. Yet there has been little experience in the United States on which to base positive recommendations; nor have we sufficient information, in easily accessible form, to enable us to decide how European precedents may be wisely followed under American conditions.

This volume presents the results of a careful investigation, covering about six months, of the systems of insuring workingmen in operation in European countries. It gives in fuller detail than has been done heretofore in this country the various kinds of

41178

European insurance, their methods of operation, their fin
and their relations with governments. Unfortunately it wa
possible to study the general social effects of the policies ad
in Europe nor their effect on the various manufacturing and
enterprises upon which they operated. Shortly after his r
from Europe Mr. Frankel accepted an invitation to take c
of the industrial department of the Metropolitan Life Insu
Company. This prevented his pursuing the study, so it se
best to do nothing more until this volume was issued.

The compilation of the information gathered and its
sentation in proper form have taken much time. The consec
postponement of the date of issue has seemed amply justifie

JOHN M. GLE

NEW YORK, August, 1910

PREFACE

THE studies on which this volume is based were made for the purpose of obtaining accurate and recent information concerning the methods in operation in certain European countries for the protection of workingmen and their dependents from the financial consequences of the following misfortunes:

I. Death from industrial accidents or from other causes, such as sickness or accidents not industrial.

II. Disablement; temporary or permanent, total or partial; from industrial accidents or from other causes, such as sickness, old age, or accidents not industrial.

III. Involuntary unemployment.

Prior to 1908 the only important works on workingmen's insurance that had been published in the United States were John Graham Brooks' Compulsory Insurance in Germany, published in 1893 as a special report of the United States Bureau of Labor, the comprehensive work of W. F. Willoughby, Workingmen's Insurance, which appeared in 1898, and a report on Industrial Accidents by A. F. Weber, of the New York State Bureau of Labor, in 1899. The progress made in Europe since these reports appeared has been extraordinary; for this reason and in view of the agitation and interest in the subject of workingmen's insurance in the United States, it is believed that the present report is timely.

Since the investigation was originally undertaken, in 1908, an interesting work by F. W. Lewis, on the obligatory systems of insurance in Europe, entitled State Insurance, and several valuable publications treating of workingmen's insurance in the United States have appeared. Among these may be mentioned: Industrial Insurance in the United States by Charles R. Henderson (The University of Chicago Press, 1909); The Beneficiary Features of American Trades Unions by James B. Kennedy (Johns Hopkins University Press, 1909); and the Twenty-third

Annual Report of the United States Commissioner of Lal entitled, Workmen's Insurance and Benefit Funds in the Uni States. In the Bibliography at the end of this volume will found the titles of the more important publications, American foreign, that deal with our subject.

This present report has been confined to a study of systems in force in Great Britain, Norway, Sweden, Denma Holland, Belgium, France, Switzerland, Italy, Germany Austria. These countries were visited by the investigators, they were the only ones in Europe having systems of worki men's insurance which especially warranted study at close rar Special attention is called to Appendix I, which contains a summ of insurance systems now in operation in the various countries

In the preparation of the report, a large amount of origi literature, collected at the time of the investigation, has been m use of. This includes reports of bureaus of labor, insurance partments, and individual societies and associations. In all ca the statistics employed have been taken from the latest p lished statements obtainable. Due credit should be given to articles on workingmen's insurance in the Handwörterbuch Staatswissenschaften, of which liberal use has been made w the consent of their authors. The material collected was stud by Dr. Louis I. Dublin, who prepared the detailed descriptions a the statistics of the phases of workingmen's insurance in the vari countries, the tables in the appendices and the Bibliography.

The authors desire to express their appreciation for the unf ing courtesy shown to them while in Europe by officials of vari insurance departments, insurance companies, labor, statistical a other governmental bureaus, actuaries and others interested workingmen's insurance. They wish, also, to acknowledge val ble suggestions from Mr. William F. Willoughby and officials the United States Bureau of Labor.

TABLE OF CONTENTS

PAGE

FOREWORD v

LIST OF TABLES xiii

INSURANCE AGAINST INDUSTRIAL ACCIDENTS

I. Employers' Liability 3

II. Insurance of Employers in Private Companies . . 14

III. Insurance of Employers in Mutual Associations . . 26

IV. Insurance of Employers in Government Departments 33

V. Workmen's Compensation and Accident Insurance in Various Countries 42
Great Britain, 42; Norway, 48; Sweden, 51; Denmark, 54; Holland, 57; Belgium, 61; France, 64; Switzerland, 73; Italy, 81; Germany, 89; Austria, 115.

VI. Insurance of Employers from the Standpoint of Public Policy 133

INSURANCE AGAINST SICKNESS AND DEATH

VII. Sickness Insurance 147

VIII. Funeral Insurance 160

IX. Maternity Insurance 166

X. Insurance against Sickness and Death in Various Countries 1
Great Britain, 169; Norway, 183; Sweden, 187; Denmark, 189; Holland, 193; Belgium, 199; France, 201; Switzerland, 214; Italy, 224; Germany, 227; Austria, 262.

INSURANCE AGAINST INVALIDITY AND OLD AGE

XI. Insurance against Invalidity 2
XII. Old Age Annuities and Pensions 2
XIII. Pensions to Widows and Orphans 3
XIV. Insurance against Invalidity and Old Age in Various Countries 3
Great Britain, 313; Norway, 315; Sweden, 317; Denmark, 318; Holland, 319; Belgium, 320; France, 322; Switzerland, 340; Italy, 343; Germany, 346; Austria, 361.

INSURANCE AGAINST UNEMPLOYMENT

XV. Insurance against Unemployment 3
XVI. Insurance against Unemployment in Various Countries 3
Great Britain, 379; Norway, 380; Sweden, 381; Denmark, 381; Holland, 383; Belgium, 385; France, 385; Switzerland, 386; Italy, 388; Germany, 389; Austria, 392.

COMPLETE INSURANCE SYSTEMS

XVII. Tendency toward a Complete and Connected System of Insurance for Workingmen 3
XVIII. The Reform Project in Germany 4
XIX. The Reform Project in Austria 4

APPENDICES

PAGE

I. Summary of laws, institutions and administration of Workingmen's Insurance Systems in Europe . . 422

II. Cost and Benefits of Workingmen's Insurance in Germany, 1907 430

III. Statistics of Accident Insurance in Switzerland, 1907 . 432

IV. Table of Foreign Money Values 433

BIBLIOGRAPHY 435

INDEX 443

LIST OF TABLES

INSURANCE AGAINST INDUSTRIAL ACCIDENTS

TABLE		PAGE
	Great Britain	
1.	Benefits and rates of the Law, Union and Crown Insurance Company	45
2.	Number of employes, accidents and diseases, and compensation paid in certain industries, 1908	47
	Sweden	
3.	Present values of annuities payable quarterly under the law of 1901	53
	Denmark	
4.	Proportions of various degrees of impairment in accident cases, 1906	57
	Holland	
5.	Total number of accidents, cost of management and amount of indemnities paid, 1903–1905	60
	France	
6.	Percentage distribution of accident insurance by kind of company, 1901 and 1906	68
7.	Ratio of premium receipts to payrolls, in insurance companies and societies, 1901–1906	69
8.	Income and expenditures of the National Guarantee Fund, 1905–1906	70
9.	Number of accidents in 24 classes of industries and occupations, 1903–1906	70
10.	Fatalities and injuries in mines and quarries, 1901–1906	71
	Switzerland	
11.	Number employed, accidents and compensation paid in factories and trades, 1888–1902	75
12.	Estimated total and distribution of expenditure for accident insurance	81
	Italy	
13.	Statistics of accident insurance, 1903–1905, and of the National Accident Fund, 1903–1906	88
	Germany	
14.	Summary of accident, sickness, and invalidity and old age insurance statistics, 1906	91
15.	Number of associations, establishments, state executive boards, and persons insured against accident, 1885–1907	101
16.	Total number of accidents, number and proportions compensated, 1888–1907	103
17.	Number of accidents, and number per 1000 persons insured in industrial mutual associations, 1888–1907	104
18.	Ratio of accidents per 1000 full-time workers in 22 classes of occupations, 1906–1907	105

TABLE P
19. Causes of accidents in industrial, building, marine and trade associations, for which compensation was first paid in 1907 1
20. Number of accidents in agriculture and forestry and ratio per 1000 insured, 1890–1907 1
21. Disbursements classified by kind of expenditure, 1885–1907. . . . 1
22. Compensation per person injured and member treated, 1885–1906 . 1
23. Number, per cent and disposition of awards appealed to courts of arbitration, 1886–1907 1
24. Number, per cent and disposition of appeals from courts of arbitration to the Imperial Insurance Office, 1886–1907 1
25. Items of management expense of mutual associations of employers, 1885–1907 1
26. Receipts of mutual associations of employers, 1885–1907 1
27. Amount of reserve fund of the mutual associations of employers, 1885–1907 1

Austria

28. Classification of industries by hazards in the territorial accident insurance organizations 1
29. Rates of contribution in the seven territorial insurance organizations . 1
30. Rates of contribution for each danger class 1
31. Number of industrial and agricultural establishments, average number of insured employes and amount of wages, 1890–1906 1
32. Total number of accidents and number per 10,000 full-time workers, 1890–1906. 1
33. Number of accidents and number per 10,000 full-time workers requiring and not requiring compensation, 1890–1906 1
34. Number of full-time workers insured and proportion of accidents for 56 industries, 1906 1
35. Number and amount of current permanent pensions, 1897–1906 . . 1
36. Amount of burial benefits and pensions paid, 1904–1906 1
37. Number of pensioners, average annual pension and per cent of wages, 1906 1
38. Total disbursements of insurance associations, 1904–1906 1
39. Ratio of management expenses to contributions and indemnities, 1890–1906 1
40. Premiums, interest and other income of insurance associations, 1904–1906 1
41. Assets and liabilities of insurance associations, 1904–1906 . . . 1
42. Disposition of cases by courts of arbitration, 1904–1906. . . . 1

INSURANCE AGAINST SICKNESS AND DEATH

Great Britain

43. Statistics of the National Deposit Friendly Society, 1897–1905 . . 17
44. Financial statement of the National Deposit Friendly Society, 1907 . 17
45. Contribution per month, for lowest and highest scale of benefits, Independent Order of Odd Fellows 17
46. Membership and funds of registered friendly societies and branches in Great Britain and Ireland, December 31, 1899 and 1905. . . . 18

Norway

47. Estimated number of persons covered by sickness insurance law of 1909 18
48. Estimated net cost of insurance under sickness insurance law of 1909 . 18
49. Income classes proposed under sickness insurance law of 1909 . . 18

LIST OF TABLES

TABLE PAGE

Denmark

50. Sickness disbursements of the "Fremtiden," 1907 191

France

51. Number of free and approved societies, 1898–1908 204
52. Membership of free and approved societies, 1898–1907 204
53. Income of approved and free societies, 1898, 1903, 1904 206
54. Number of beneficiaries of approved and free societies 206
55. Character and value of benefits paid by approved and free societies, 1904 208
56. Monthly dues charged by communal sickness insurance societies . . 210
57. Number and membership of trade associations which pay benefits, France, 1900, 1905. 211
58. Statistics of miners' sickness societies, 1900 and 1906 212

Switzerland

59. Number and per cent of sickness insurance societies and of their membership, by kind of benefit 217
60. Number and per cent of compulsory and voluntary sickness insurance societies and of their membership, 1903 218
61. Number and per cent of sickness insurance societies by class, 1880–1903 219
62. Income and expenditures of sickness insurance societies, 1903. . . . 219

Italy

63. Number of mutual aid societies, membership and funds, 1862–1904 . 225
64. Percentages of disbursements in sickness insurance societies, 1904 . . 226

Germany

65. Number of sickness insurance societies, by class, 1885–1907 . . . 236
66. Number insured in sickness insurance societies, 1885–1907 237
67. Average number of members per sickness insurance society, 1885–1907 237
68. Number of sickness insurance societies according to size of membership, 1907 239
69. Number of men and women in sickness insurance societies, 1885–1907 239
70. Per cent and duration of sickness and per cent of deaths in sickness insurance societies, 1888–1907 240
71. Average number of cases of sickness for both sexes per 100 insured in sickness insurance societies, 1888–1907 241
72. Total and average cost of medical treatment and medicines, sickness insurance societies, 1885–1907 243
73. Total cost of hospital service, sickness insurance societies, 1902–1907 . 243
74. Average cost of hospital service per member, sickness insurance societies, 1885–1907 243
75. Total cost of care of convalescents, sickness insurance societies, 1902–1907 244
76. Total sick benefits paid, sickness insurance societies, 1902–1907 . . 244
77. Average sick benefits per member, sickness insurance societies, 1885–1907 245
78. Average amount of death benefits, sickness insurance societies, 1892–1907 246
79. Membership and amount of sick benefits, including those for women before and after confinement, sickness insurance societies, 1903–1907 246
80. Total disability and death benefits, sickness insurance societies, 1902–1907 247
81. Total benefits per member, sickness insurance societies, 1885–1907 . 248
82. Percentage of various kinds of benefits paid, sickness insurance societies, 1907 248

TABLE P
83. Percentage of sickness insurance societies collecting given percentages of wages, 1885–1907 2
84. Total contributions of members, sickness insurance societies, 1902–1907 2
85. Average annual contributions per member, sickness insurance societies, 1888–1907. 2
86. Benefits and contributions, sickness insurance societies, 1906 and 1907 2
87. Average benefits and contributions per member, sickness insurance societies, 1907 2
88. Total cost of management, sickness insurance societies, 1902–1907 . 2
89. Average cost of management per member of sickness insurance societies, 1902–1907. 2
90. Income and disbursements of all sickness insurance societies, 1906–1907 2
91. Total income and disbursements of sickness insurance societies according to class, 1907 2
92. Number and per cent of solvent and insolvent sickness insurance societies, 1907 2
93. Total and average reserve per member, sickness insurance societies, December 31, 1907 2
94. Weekly contributions and sick and funeral benefits by wage classes. Local society of Leipsic, 1908 2
95. Receipts and disbursements of the local society of Leipsic, 1908 . . 2

Austria

96. Number of sickness insurance societies, December 31, 1890–1906 . . 2
97. Number and average membership of sickness insurance societies, 1890–1906 2
98. Per cent of sexes in sickness insurance societies, 1906 2
99. Average number and per cent of sickness insurance societies and of membership, 1906 2
100. Total number of cases and days of sickness and deaths in sickness insurance societies, 1890–1906 2
101. Cases and days of sickness and death rate in sickness insurance societies, 1890–1906. 2
102. Cases and days of sickness and death rate in sickness insurances societies, 1906 2
103. Total benefits and other expenditures of sickness insurance societies, 1906 2
104. Ratio of various items of expenditure to total, and amount expended per member in sickness insurance societies, 1906 2
105. Ratio of various benefits to total benefits in sickness insurance societies. 2
106. Average benefits per day, per case of sickness, and per death in sickness insurance societies, 1906 2
107. Average contribution and average benefit per member in sickness insurance societies, 1906. 2
108. Income and disbursements of sickness insurance societies, 1906 . . 2
109. Financial condition of sickness insurance societies, 1906 2
110. Financial condition of sickness insurance societies, in percentages, 1906 2
111. Appeals from courts of arbitration in sickness insurance societies, 1906 . 2

INSURANCE AGAINST INVALIDITY AND OLD AGE

Great Britain

112. Amounts allowed under old age pension act 315

LIST OF TABLES

TABLE PAGE

Belgium

113. Number and amount of deposits and amount of annuities in state annuity fund, 1890–1906 322

France

114. Number and amount of deposits and amount of reserves in the Caisse Nationale des Retraites, 1884–1906 324
115. Individual deposits according to size in the Caisse Nationale des Retraites, 1906 325
116. Collective deposits in the Caisse Nationale des Retraites, 1906. . . . 326
117. Annuities granted at different ages for an annual premium of one franc, Caisse Nationale des Retraites 328
118. Deposits under the principal not returnable and principal returnable plans, Caisse Nationale des Retraites, 1851–1896, 1906 329
119. Number and value of annuities since 1851 and in force December 31, 1906, Caisse National des Retraites 329
120. Annuity secured in La France Prévoyante by annual payment of 12 francs 338
121. Premiums required to purchase an annuity of 150 francs, beginning at age fifty, in Prévoyance Commerciale 339

Switzerland

122. Number and value of policies in insurance department and amount of cantonal subsidy, Canton Neuenburg, 1899–1906 340
123. Annuities secured by annual payment of 10 francs, without subsidy from the canton, Canton Waadt 342
124. Annuities secured at the age of sixty by continuous annual payments of 6, 12, 24 and 60 francs in addition to annual subsidy from the canton, Canton Waadt. 342

Italy

125. Number insured and value of annuity fund, December 31, 1899–1907 . 346

Germany

126. Joint weekly contributions of employer and employes for old age and invalidity insurance by wage class 348
127. Annual pensions and government bonuses by wage class under old age insurance 349
128. Annual pensions and government bonuses by wage class under invalidity insurance 350
129. Number of insurance agencies and of persons insured against old age and invalidity, 1891–1907 353
130. Number of pensions and number paid for first time, for invalidity, sickness and old age, 1891–1908 353
131. Average pensions paid for invalidity, sickness and old age, 1891–1907 . 355
132. Expenditures for benefits for invalidity, sickness and old age, 1891–1907 356
133. Number and value of contributions returned under old age and invalidity insurance, 1891–1908 357
134. Number of pensions and of contributions returned, and number, per cent and disposition of appeals to courts of arbitration under old age and invalidity insurance, 1891–1907 357
135. Total number of appeals and number and disposition of these decided by the Imperial Insurance Office under old age and invalidity insurance, 1891–1907. 358
136. Disbursements for old age and invalidity insurance, 1891–1907 . . 358
137. Expenses of management in detail under old age and invalidity insurance, 1891–1907. 359

I

EMPLOYERS' LIABILITY

IN all modern, civilized countries an employer is held liable for damages resulting from industrial accidents due to his own negligence. In virtually all civilized countries, including the United States under recent federal legislation, this principle has been extended not only to hold the employer liable for damages caused by his alleged fault, but to include the idea that part or all of the aggregate loss or damage caused by industrial accidents should become part of the cost of the product to be paid for by the consumer.

Evidently equalization of this burden can be more perfectly and adequately accomplished through insurance. Otherwise, an employer might suffer a heavy loss which, by reason of competition, he would not be able to include in the price of commodities and which he would be required himself to bear. Such a loss might mean ruin to him, and to his workmen, left without indemnity. Insurance, properly devised, distributes this loss and renders indemnification certain.

The principle that the employer should, to a reasonable extent, be held liable for some part of the damages resulting from all industrial accidents, was recognized in Germany in the year 1871. Since then it has been definitely established in Austria, Norway, Great Britain, France, Italy, Holland, Denmark, Belgium, Sweden, Finland, Russia, Greece, Spain, New Zealand, Australia, the province of Quebec in Canada and in the United States.

In most countries employers protect themselves against loss by means of insurance. In some, this may be taken in private companies, recognized by the state, in which case the employer sometimes is, but usually is not, absolved from liability. If insured by the state, or as in certain countries, by

licensed companies of the country, the employer is usually fi from liability. In two countries, insurance of employers is com sory and must be in mutual companies provided for by law; employers are not free to insure themselves in other private c panies. In one country, they are required to insure in the s institutions. In several countries, employers are given the op tunity of contributing to insurance taken by their workmei establishment funds, not merely to the amount of their own bility, but for other benefits as well. In such cases, the empl contributes only a portion of the total cost of insurance; but w the loss is indemnified by the fund, he escapes further liabil His contributions, therefore, pay for the insurance requisite his own protection.

The state itself sometimes makes contributions in the f of subsidies or otherwise, the principles upon which these based being as follows:

(1) Supervision along with an administrative subsidy be more economical than any other method and is justified on same grounds as supervision of other branches of business.

(2) If insurance is effectual, it will give relief to an amo greater than its cost to the state, through the reduction of general taxes, and the protection of its citizens from disability often from disaster.

THEORY OF NEGLIGENCE IN EMPLOYERS' LIABILITY

The subject of insurance against industrial or occupatic accidents will be taken up first, although it was one of the la phases of workingmen's insurance to be developed. It is thro this form that the whole subject of the protection of workingr has come to be considered in an entirely new light. A knowledg what has taken place in this field is necessary in order to underst what is now taking place in other fields of workingmen's insura This branch of insurance, as carried on in European countrie also of great importance in illustrating the change which occurred concerning the principles upon which employers sho be held liable, if at all, to pay a part or all of the financial lo to workingmen and their families due to industrial accidents

In order to appreciate the nature of the great and revc

tionary change of European thought in regard to this matter, it is necessary first of all to understand the principles which, only a quarter century ago, in all communities, determined the right of a workman to recover compensation from his employer. Those principles still apply, with some modification, in all the states of the United States, and have but recently been discarded in part by the federal government itself. The elementary theory of "the law of negligence," as it is usually called, in its relation to the liability of employers for financial loss to workmen and their families, was originally the same in all civilized countries. The development of the law of liability has not been identical in every country, but nowhere, probably, has the principle been pushed so far as in the United States. The doctrine has, however. been modified somewhat by decisions of the courts and by acts of our legislatures. It will, therefore, be useful to outline the generally accepted theory in the United States and the modifications made by statute and by decisions of the courts.

The underlying principle of the law of negligence is that *the employer is liable only in case he is at fault;* that is, *he must have been neglectful in some respect and this negligence must have been the proximate and sole cause of the accident.* In that case it declares that he alone must bear the financial burden of compensation.

Liability of the employer for his own negligence is qualified as follows:

First, it is not enough that he was the chief cause.

If the employe himself has been negligent and if this in any degree contributed to the accident, the employer is not held. This is known as the principle of "contributory negligence." The idea is that the courts, not being able to separate results flowing from these two causes and to determine how much was due to one and how much to the other, will refuse to grant compensation if the employe's negligence contributed to the accident even though only in a slight degree.

Second, the accident must not have been a consequence of the ordinary risks of the occupation.

If it can be shown or the conclusion fairly be deduced that the employe assumed this particular risk as a condition of his contract of employment, or as the ordinary risk of his occupation of

which he knew or was bound to know, the employer is not held. the employe was aware that a certain danger existed and n withstanding continued to work, this action on his part wou bar recovery. As a corollary to this, the courts have held ve generally that the employe must be presumed to know what a the ordinary dangers of his occupation, and even what are t unusual dangers connected with continuing to perform the duti of that occupation, when the place where it is carried on, or t machinery or tools with which it is carried on, are defective.

This is called the principle of "assumption of risk." Sor courts have gone so far as to hold that, even though the employ is required by law to keep the machinery, tools, and the place which the work is done in a certain condition of safety, and th although by failing to do so he has rendered himself liable to penalty, the workman, notwithstanding, will not be able to r cover if he has known of these defects and has nevertheless co tinued to work. The same courts have also held that the fa that he has called the defects to the attention of his employer ar asked that they be remedied, will not render the employer liab if the workman, notwithstanding that the defects have not be remedied, continues to work. In fact, calling the defects to t attention of others prejudices his claim in that it is proof positi that he knows of them.

Third, the accident must have been the result of the employer own negligence and not that of another employe or employes.

If the workman has been injured because one or mo of the employes working with him were negligent, the employ will not be held. This proceeds from the idea that each workma whose negligence has caused the injury should himself be hel financially responsible; and since in most cases he is in fa financially irresponsible and could not respond to a judgmen the result of the application of this rule is that the persons i jured are not compensated at all. This is directly contrary to t rule which applies when the injury is to one not an employ in that case the employer, under the general doctrine of princip and agent, is held liable.

The principle stated above is known in practice as th "fellow servant" rule. It has been carried so far by som

courts that it is difficult to see how a corporation employer could be held responsible at all, no matter what officer or other employe was negligent. Even an officer is an agent or employe, and therefore a fellow servant with all other employes, although the courts have usually not so held. Except in the case of executive officers, however, the rule has been applied so sweepingly that, for instance, a scrubwoman washing out railway coaches might be held to be a fellow servant with the superintendent of the road and, therefore, without a good claim against the company for negligence attributable to him.

The "fellow servant" rule grew up in the courts out of the simplicity of the common law, which in its origin did not know employers and employes in the modern industrial or commercial sense, but only "masters" and "servants." The law did not hold the master liable, even on the ground of negligence. It certainly would have refused to require him to compensate one servant for the negligence of another. This principle manifestly has little or no suitability for the uses of a commercial and highly organized industrial community, in which much the larger part of the service performed by employes is not for the direct enjoyment of the employer but is part of the aggregate cost of products or services sold by him to the public at a price to cover all the costs. In recent years the "fellow servant" rule has been much relaxed, first by the courts and later by legislatures. In many states an employe who supervises the work and controls the workman is held to be a "vice-principal" and to represent the employer, so that his negligence is treated as if it were the negligence of the employer.

Other modifications of the rules thus laid down have been made from time to time. In some states the employer is not relieved from liability, although the workman may have continued to work after being aware of some defect, if the defect is in violation of law.

Under the rules of law just outlined, a very large proportion of the accidents which occur in the industries of the country go uncompensated. In some cases, on the other hand, the employer is held for substantial amounts, and occasionally very large verdicts are recovered, but in only a small percentage of the cases is the compensation adequate.

Suits also are encouraged and fostered by a contingent f system which, not many decades ago, would have been condemn by the courts as champertous. In most of such cases a ve large part of the amount awarded goes to the attorney. On t other hand, there are frequent complaints that strenuous effor are made to secure settlements prematurely, a hard bargain bei driven when the workingman and his family are in the sore straits, and when in their crushed condition they can have litt understanding of what their rights really are and little ability enforce them.

As our industries have grown larger and larger, a system insurance has sprung up under which the employer's liability directly covered, the insurance company promising to indemni him for all sums which he may be required to pay as damages f industrial accidents. Policies usually put a limitation upon t amount which may be paid for the injuring or killing of any o person and also prescribe a maximum sum beyond which t company may not be held liable for the loss or damage occasion by any one accident. One of the conditions of these polici is that the insurance company will defend and protect the employ against suits, and will, if possible, secure an adjustment and settl ment of each claim. There is complaint that the companies a sometimes dilatory, niggardly and unfair in their settlement The companies are between two fires; namely, the demand b employers for lower rates and the demand for sufficient compens tion from injured workingmen or the families of those who ha been killed. The practice, no doubt, is influenced by both of the conditions. It may be taken as a certainty that, as soon as t employer has become accustomed to insurance, he will ordinari favor liberal treatment of his employes who seek to enfor their claims, since he no longer has any direct financial intere in the matter. In other words, he is not likely to be so eag that the claim be disallowed, or that if allowed it be for a sma amount, as when it is to be paid directly out of his own funds.

THEORY OF WORKMEN'S COMPENSATION

As has been noted the principle which has now bee adopted in most civilized countries of the world, almost whol

within the last twenty-five years, is entirely different from the above. It may be briefly described as follows: In carrying on any given industry for the benefit of those who will enjoy the products or the services supplied thereby, there will be, on the whole, taking into account all the various establishments engaged in those industries, a more or less stable aggregate amount of loss and damage occasioned by industrial accidents. While each particular accident, considered by itself, might appear to have been preventable if an extraordinary degree of caution had been exercised, it will also appear, when the losses are spread over the entire industry, and especially when the experience of many years is combined, that there is a more or less steady ratio between the financial loss and the financial value of the entire product, indicating that accidents are governed by laws of probability and are to a certain degree inevitable.

In other words, this loss or damage, as much as loss or damage by destruction of material, by wear and tear of machinery, etc., is a part of the cost of the commodity in the production of which the workingman was employed at the time the accident took place.

It follows that the workingman, or his family in event of his death, should be compensated in a reasonable amount for the consequences of an industrial accident; not in order that some one shall be mulcted, on the ground that he was at fault, but in order that this portion of the cost of the product or services shall not be transferred from the employer and the ultimate consumer to the workingman and his family, crushing them in many cases, and eventually shifting the burden to the community in the most undesirable form of charity.

Under this theory, if justly regulated, there would be and there should be no extraordinary and certainly no excessive verdicts. Compensation should be governed by business principles.

The careful manner in which countries adopting the compensatory principle have provided that compensation shall be proportioned to the actual financial loss to the injured, is worthy of special notice. The unit upon which the right to recover is founded is the actual wage, the current earnings of the workman. If his disability is total, compensation is fixed at a certain percentage

of his current wages, varying from 50 per cent in Great Brita to as high as 70 per cent in Holland. If his injury is partia the amount of the diminution of his earning power is careful determined and the same percentages or other percentages a applied to it.

The amount that may be claimed in event of death by acc dent is also fixed with reference to current earnings, varying fro a sum equal to three times the annual gross earnings, as in Gre Britain, to a pension to the widow during her widowhood equal t 20 per cent of the current earnings, plus a similar pension t each minor child, the whole, however, not to exceed 60 per cen as in Germany. A much more complete description of each c these rates of compensation is given hereafter, in the pages de voted to separate countries.

The great economy in administering this system, as com pared with employers' liability insurance based upon the theory c negligence, is apparent. The fact of liability is certain if the work man is injured while at work and is not wilfully at fault, and th amount of liability is usually readily ascertainable. Under th present laws in most states of the United States, on the contrary the employer's liability is usually a difficult matter to determine If he is liable, the amount of his liability is so difficult to ascertai that juries give all sorts of verdicts, sometimes absurdly low an often unconscionably high.

The expense of adjusting claims, determining the liabilit and the amount of it, is proportionately less under the compensa tory plan. This means that a much larger proportion of the mone actually paid by employers on account of industrial accidents goe into the pockets of those who have suffered, instead of being paic as heretofore for the services of lawyers and adjusters.

Under the new system, workingmen are called upon to bea a considerable portion of the entire damage, in that compensatior is only from one-half to two-thirds the loss in wages. A man's family may sometimes suffer in addition a considerable financia loss in cost of care and of cure. Victims of industrial accidents therefore, even under this system, go without full compensa- tion, though undoubtedly in the aggregate a much larger sum is realized for them and so distributed as to relieve all. In addi-

tion, the relief comes promptly, reliably, and in most cases at frequent intervals, and in relatively small amounts.

It is frequently urged, however, that there is something true and of permanent value in the two theories which have grown up under the application of the principles of the theory of negligence and the liability of the employer; namely,

First, that gross negligence on the part of an employer ought to be penalized heavily, and that he should not be permitted under such circumstances to escape compensating the damage which has resulted from his culpable fault. In Great Britain this has been recognized by leaving the old Employers' Liability Law in force. concurrently with the Workmen's Compensation Act, so that action may be had under the former instead of under the latter. It is also provided that if a verdict is not given under the liability law, the judge shall nevertheless award the amount to which the injured is entitled under the compensation act. Notwithstanding this exceedingly liberal provision of the act, comparatively few claims have been made under the old employers' liability law and very few have been sustained.

Second, that compensation should not be paid if the employe himself has been grossly negligent. This has also caused an exception to be made in at least one country. In France, if gross negligence on the part of the employe is shown clearly to have caused the accident, there is no liability. Although the law has been in force for several years, this defense up to the present time has availed in less than a dozen cases in the entire nation.

One other objection remains to be mentioned. The employer claims that he now pays in the wages which his employes receive, an equivalent for the risk of industrial accidents (other than those due to the employer's fault) to which the employe exposes himself in the course of his work, and that to require the employer to compensate for all such damages is to require him to pay a second time.

It is not possible to prove that the employer pays for risk or that compensation for injury enters into wages. On the contrary, there are many reasons for believing that this is not the case. Several of the most poorly paid employments, among which may

be mentioned tunneling, mining, ditch-digging and the like, ar known to be the most dangerous. In these, wages appear to b determined in the usual way, by supply and demand. Unskille employment is the most poorly remunerated because of the larg proportion of persons who can perform that kind of work. The are compelled to resort to it because of the scant demand fc higher labor or because they can do no other. It would seem tha risk could not affect wages of this lower grade of labor unless othe trades were undermanned, thus absorbing those who had sough its ranks because of unemployment elsewhere, or unless a consider able number of those who can do only this kind of work shoul refuse to engage in it on account of hazard. Even then, increas in wages to compensate for this hazard would be unlikely t increase the number of workingmen, as those who decline, do s from fear of pain, maiming and possible death, and not from fea of financial loss.

Even if it were true, however, that the employer now pay in the aggregate full compensation in higher wages for the in juries occasioned by industrial accidents, it would not prove tha the new system is wrong in principle. On the contrary, whe closely examined, it would be a confession and an acknowledg ment that the old system is wrong and should be discontinued When this has taken place wages would, in the opinion of such a hold this view, readjust themselves, so that the employer woul not be required to compensate the second time.

For the purpose of argument, however, it may be assume that an employer of many workmen desires to have an accurat knowledge of the aggregate wages required to be paid in hi establishment to cover the value of services rendered and th aggregate compensation to be paid his workmen for damages du to industrial accidents. He wishes these to be adequate an equivalent to the risks they run. To demonstrate this, he migh well offer to pay currently from week to week wages equal to th full value of his employes' services according to their ordinary mar ket value; and at the end of the year render a careful, conscien tiously prepared account of the financial losses to employe and their dependents because of deaths and injuries due to in dustrial accidents in his establishment. Upon such accountin

he would offer to divide among all the employes, in proportion to the wages paid them, an amount equal to this aggregate, as additional compensation.

In such case, he would have done precisely what it is now sometimes imagined that he does; namely, compensated his workmen, as a class, for the risks they run in his employment. Incidentally, he would be paying compensation (as he now does, if it is a fact that compensation is included in wages), not to the wretched unfortunates, the injured workmen and the families of workmen who have lost their lives in his service, but to all, comprising the much larger number who have suffered no such loss. If the wages include compensation for risk, the foregoing method of distributing the compensation must be what is actually taking place, indirectly.

The foregoing are the principles of the new method of dealing with industrial accidents which have been adopted in all important countries of Europe, and which have given an enormous impetus to the study and development of insurance against the consequences of industrial accidents.

II

INSURANCE OF EMPLOYERS IN PRIVATE COMPANIES

UNDER laws of the type discussed in the foregoing section which are still to be found in most of the states of the United States and which hold the employer liable only for damages due to his own negligence, insurance of employers against the financial consequences of such liability has undergone a great development. This insurance has been, in the main, though not exclusively, in stock and private companies as distinguished from state institutions. Before any considerable business had been built up in stock companies, however, or insurance in them had assumed any great degree of importance, the principle that this hazard could best, both from the standpoint of the employer and from that of the state, be taken care of by means of insurance had been adopted in Germany, under the pressure of the administration headed by Bismarck.

Under laws based on the old principle of negligence, insurance of the employer is dangerously near to being unlawful and contrary to public policy. The theory of the liability of the employer is that he has perpetrated a wrong through his negligence and is being held accountable for the consequences of this wrong. It is against the declared public policy of all civilized states that any man should be permitted to insure against the consequences of his own crime, misdemeanor or wrong. That is to say, the state should not permit a man to insure against the damages which he would suffer, civilly or criminally, for having committed an unlawful act. Particularly is this true if the unlawful act is one which is prohibited by statute or under the common law as a crime, a misdemeanor, or even such a wrong as is called a tort.

There are now several exceptions to this rule, however, in the decisions of courts and in statutory provisions in various civilized countries. The validity of life insurance, even though the insured be killed while committing a violation of law or be executed for

violating the law, or if the beneficiary has been convicted of the murder of the insured, has been upheld by some courts. Another decision has refused to interfere with insurance of employers against the financial consequences of their negligence. The insurance of any person, firm or corporation against general liability for the consequences of negligence on account of which persons not employes have suffered, has also been permitted without interference.

Employers' liability insurance under the negligence laws indemnifies the employers in two ways:

(1) By actually paying whatever the employer is found to be liable for, either upon an adjustment of the claim or upon its adjudication.

(2) By paying the expenses of adjustment or by conducting the defense and paying expenses thereof, in case a suit at law is brought.

In practice also, the services of the company in making the adjustment are virtually a part of the indemnity. The employer is not merely relieved from the expense of the adjustment or of the suit, but to a large degree from the personal responsibility of conducting it. There has been very general complaint,—more against some liability insurance companies than others, according to their relative liberality of settlement,—about procedure in the matter of adjusting and resisting claims. Charges have also been made of discrimination against certain classes of workingmen in determining rates of premium.

The complaint in regard to adjustment is similar to that made against employers; namely, that as a condition to prompt settlement, hard bargains are driven with injured workmen or the families of workmen who have been killed, at a time when they are ignorant of their rights or the seriousness of the injuries, and are usually in great and pressing need of funds to meet the extraordinary expenses incurred under these conditions.

It is also alleged that the threat of resistance in the courts is used with great effect, it being known that the resources of these insurance companies are large, and that their skill in obtaining adjournments and appeals, as well as in formulating defenses and marshalling witnesses, corresponds to the magnitude of their resources. In consequence, it is stated, it is common for the com-

pany to refuse anything but a very small settlement, even thou it is well aware that it has no defense and that the claim is a go one for a large amount.

In some countries, the charge has been pressed that the insurance companies, competing with one another, discrimina against older workingmen, on the ground that they are more liab to accidents than younger men and that injuries to them are mo serious in their effects; also, that in some cases black-lists a maintained in regard to certain workingmen who for one reas or another have been injured several times or have been partic larly obdurate in the matter of settlements. This, doubtless, very infrequent, though in some cases these charges may ha some basis in fact.

The most serious charge, however, is that the business these companies is necessarily conducted at a high rate of expens approximating in some cases one-half the entire premium incom It is true that part of this expense, so far as the insured employe are concerned, is of the nature of indemnity, in that it covers cos of adjustment and litigation for the payment of which they wou otherwise be liable. This merely emphasizes the fact that und laws which require so much expense to be incurred, a large burden imposed upon the employers, which is of no benefit whatever to tl injured workmen. Under the employers' liability laws of the ty to be found in most states of the United States, therefore, insuran of employers against their liability brings into plain sight the fa that the principles upon which the laws are founded lead to a lar waste of money, so far as attaining the object of relieving the cons quences of industrial accidents is concerned. It should be me tioned here in passing, that even under the most improved Germ law of compulsory insurance in mutual trade associations, litig tion of claims is considerable. The right to appeal is given to employes; the expense of such litigation, being borne by the go ernment, is not included in the management costs of the tra associations. If it were, costs would be materially increase This large amount of litigation in Germany is attributed also the circumstance that the amount of the indemnity is, in the fi instance, determined by the trade association of employers and in effect, ex parte.

Another large element of expense to insurance companies unquestionably consists of occasionally extravagant verdicts for damages, on the ground of negligence. Laws of the type in force in all the states of the United States do not, as a rule, place any limitation upon the amount which may be recovered, except in the single instance of claims on account of death, which are limited in some states. Neither do the laws set forth any rules by which the amount of the damage may be ascertained. The courts have so far, in some important states at least, discouraged even the use of mortality tables and expert testimony as a guide to juries in determining damages, on the theory that the judgment of the jury upon all the facts of the case, without depending upon any such standards, should be expressed in their verdict. In consequence, large and really extravagant judgments are sometimes rendered. Any tendency on the part of courts to set these aside is attended by the great expense of a new trial.

As a result of this, a situation has developed which may be restated briefly as follows:

First, the cost to employers is large, on account of agency and management expenses, of adjustment and litigation, and the occasionally excessive judgments which the companies are called upon to pay.

Second, in the aggregate the returns to the injured workingmen and their families are only a small part of the amount paid, a large share of payments of the employers to the companies being spent to defend suits. It is likely that these expenses equal or nearly equal the additional amount which would have been required to furnish workingmen and their families with a reasonable indemnity.

Third, in the altogether too low aggregate of indemnities made to workingmen there is an unfavorable distribution. A few knowing their rights and employing clever lawyers, obtain excessive damages; the larger number, however, accept settlements at sums far below their deserts.

Fourth, there is diversion of a large portion of even the too low aggregate indemnity paid to workingmen and their families, to lawyers who take these claims upon a contingent fee basis. The amount of this fee varies from one-tenth to as high as one-half of the whole amount recovered.

Notwithstanding these conditions, it is the general testimor that, where insurance has been introduced, even in connection wi laws similar to those in force throughout the United States at tl present time, the situation regarding these settlements has, on tl whole, been improved by being made more uniform. It has al been noted that employers who might, if claims were being enforc against themselves individually, take a peculiarly selfish and a verse view of the matter, have enlisted themselves on the side the workingmen when claims were being enforced against the i surance company. In consequence, it is everywhere conceded th companies which make a business of promptly adjusting the claims and of treating claimants with reasonable liberality, a much more popular with employers and more widely patronize than those having a reputation for driving hard bargains, of d laying settlements and of compelling claimants to resort to tl courts. The fact has also been noted that companies who policy is liberal do not find it necessary to charge larger premium While they may show a larger loss ratio—though that is not alwa the case—they uniformly show a lower ratio of expense for a justment and litigation as compared with the premium receipts.

Employers' insurance of the type already described has no practically disappeared from Europe with the introduction workmen's compensation laws, either as a substitute for employer liability laws which are thereby repealed or, as in Great Britain, supplementary thereto. As stated above, the new statutes pr vide for indemnification of workingmen for the consequences industrial accidents on the principle that their cost should fa upon the employer, not as a punishment, nor because he w negligent, but merely to throw the burden ultimately on those wh enjoy the product. It will be interesting, therefore, to consid what changes the introduction of such laws have made in tl insurance of employers by stock companies, and especially wheth evils which have been found to exist in insurance against liabili for negligence have disappeared or been modified.

In all countries of Europe which have adopted the compens tion principle in their legislation, with the exception of Germa Austria and Norway, stock corporations insuring employe against their liability are permitted to operate. In all the

countries except Great Britain, Holland and Sweden, insurance in certain stock companies, as, for instance, in Belgian companies in Belgium and in all companies duly certified by the national authorities in France, absolutely relieves employers from liability and transfers it to the insurance company, so that, even though the latter should thereafter fail, the employer will not be liable. In the latter country, the risk of failure of the companies is provided for by requiring employers to pay a small additional premium every year into a special fund under the control of the government. This is used as a guarantee that insurance companies will pay all the indemnities promised by them. In other words, this fund is made the final guarantor, to the end that no injured workingman or dependent shall be deprived of indemnity by reason of the failure of the insurance company or of the employer, if not insured.

In Great Britain there is a special variation of this complete exemption from liability, as follows:

The statute authorizes the organization of mutual associations of employes which must be declared solvent by the Registrar of Friendly Societies. They must promise to their members benefits equal in financial value at least to the benefits under the Workmen's Compensation Act, and must be in receipt of contributions from employers equal to the fair value of their liability under such act. If all these conditions have been complied with and the association is properly registered under the Friendly Societies Act of Great Britain, a certificate is given and renewed from time to time, so long as the fund remains solvent. This relieves the employer from liability and transfers the liability to the fund or association.

Similar provisions for insurance in mutual societies certified by the government which relieve the employer from liability are to be found in Denmark, Belgium, France, Italy, Switzerland, Finland and Russia. In Denmark, mutual associations of employers, formed for the purpose of covering employers' liability only, may be licensed, and insurance in these relieves the employer from liability. In several countries, as has been seen, insurance in private stock or mutual companies is permitted, if employers so prefer, but they are not thereby relieved from liability. This is true in Great Britain, except in the one case of industrial funds or

associations. It is also true in Sweden, Holland, Switzerland ar in Italy. In the last mentioned country, the employer can escaj direct liability (which, if he is insured, merely means that he w be held accountable for the payment of indemnities if the insuran company fails) only by insuring in a mutual company to which tl government has given special powers and privileges. If prese tendencies are not deceptive, these, sooner or later, will be ma the basis of a government system, possibly, though not necessaril to the exclusion of private companies.

In Sweden and Holland, private companies have the cor petition of a state department which will hereafter be describe It is enough at this point to say that the state department obliged to accept all applications, good and bad alike, at fix rates. One of the advantages given to it to counterbalan this disadvantage is, that while a policy in a private company i demnifies the employer, he is entirely relieved from liability only case he is insured in the state department.

It is everywhere testified, by government authorities, b employers, employes and managers of insurance companies, th the introduction of bills for workmen's compensation for industri accidents was at first a very disturbing element, owing to the fa that the insurance companies had no accurate knowledge of tl hazards they were asked to cover. While at first great difficulti arose about proper rates of premiums, and others, not so seriou about accommodating the policies of the companies to new con tions, the general result of legislation has been good, and nothing is this more evident than in its effect upon employe liability insurance. Thus, a materially larger proportion of t premiums paid by employers is now directly applied to the inde nification of employes. This includes reserves which must nec sarily be set up to meet the unexpired liability under the polici the accrued but unmatured liability for annuity payments to d pendents or to those totally disabled, and periodical sums remai ing to be paid on account of temporary disabilities. In fact t percentage of claims to premiums varies from 60 per cent to high as 70 per cent or even 75 per cent instead of from 40 p cent to 50 per cent as previously.

A very large reduction has been made in the expenses

adjustment and a more remarkable reduction in those of litigation. In fact, litigation is now comparatively uncommon and when indulged in, inexpensive. Under the present laws in Great Britain, while one of the lower courts may be called upon to fix the amount of the damage in case workingman and company do not agree, the decision of that court is summary after a brief and non-technical hearing. Fees of the attorney for the workingman are fixed by law and taxed by the court. This is in sharp contrast to conditions that formerly existed there and which in a much greater degree still exist in the United States.

Extravagant verdicts are unknown in countries that have maintained no vestige of the old principle of the liability of the employer for negligence. Even in Great Britain, where the old laws are not abrogated and where, in consequence, an action may still be maintained to hold the employer liable, such suits are relatively uncommon, and few judgments have been obtained under them. The earlier law is now rarely appealed to, unless the employer has been guilty of gross negligence, amounting to serious and wilful disregard of the safety of his employes. The defense may be interposed in Great Britain that the employe has caused the injury by his own "wilful act," the word "wilful" having been interpreted to mean that he willed the injury to himself, or in other words, that it was self-inflicted. This defense has been rare and any effort to establish it would not be expensive because it would be taken account of in the same court where the damage was being fixed and would be dealt with in the same summary manner. A decision in this regard, however, can be appealed, and appeals have sometimes been taken.

In France, there is a loophole for litigation in that the employer is not held liable if the employe has been grossly negligent. But, as has already been stated, the cases where this has been alleged, have been exceedingly few and those in which the allegation was sustained, yet fewer. The amount of expense involved, therefore, in litigating this issue, has been small.

The Belgian law relieves the employer if he is insured in a Belgian company. The effect of this special advantage has been peculiar. It was doubtless expected that, in consequence, employers would all prefer to be insured in Belgian companies, and

that these would get nearly all of the business. This, however has not happened. On the contrary, up to the present time th special advantage granted to Belgian companies has merely caused them to take the business which, at the rates they charged, wa most profitable, and virtually to refuse the public service of actin as a clearing house for liability for the vast majority of Belgia employers. These latter had to turn to employers' liabilit insurance companies disposed to undertake broad underwriting located in France, Switzerland, Holland and Great Britain Consequently, Belgian companies have demonstrated that rate charged according to their tariffs are in certain cases exces sive. They are likely, it would seem, to find that they hav "killed the goose that laid the golden egg." On the other hand several outside companies have lost money, showing that rates upo some classes that they have insured should be increased. I the end, when proper adjustments of rates have been made employers may prefer Belgian companies; but, for a time at leas this may be hindered by prejudice against the home companie due to their unwillingness to insure all employers and to the rela tively high rates they have charged those whom they have in sured.

In Denmark, the peculiar condition exists that all privat insurance companies, both stock and mutual, are required t permit claims against them to be adjusted through an arm of th state government, to which the supervision of these companie and the adjustment of claims are both delegated. This was at firs exceedingly offensive, and there was a strong disposition to reser it, even to the point of refusing to do business. It was apparen before the statute was enacted, that if the companies carried the opposition to the extent of withdrawing from business, the sta would accept these terms and set up a system of insurance simila to that already established in Norway. Accordingly, but mo grudgingly, the insurance companies yielded.

All industrial accidents, whether the employe is injured o not, must be reported at once to the state inspection departmen which determines the liability of the employer and the amoun Indemnity is payable at a proportion of the wages of the emplo during the continuance of his disability, or, in event of death t

accident, as a pension to his widow during her widowhood, to minor children during their minority, and to other dependents, such as aged father or mother, or minor grandchildren actually dependent upon the employe, during the continuance of their dependency. The employer, or the company with which he is insured, is bound to make payments according to this adjustment. Notwithstanding the objections to the system at the outset, it is now conceded to have worked smoothly and, on the whole, satisfactorily. Determination of benefits is secured cheaply and does not constitute a part of the cost of the insurance. There is virtually no litigation.

A system similar to this is found in Sweden where, although companies are free to settle their own claims, there is an appeal to the state accident insurance department. This department in addition to its powers as a service conducted by the state, is empowered to act in determining amounts of claims, particularly as to the degree of disability and its financial value. Under the statute, all questions relating to indemnity and present value of claims are referred to this department by the courts, unless the parties come to an agreement approved by the latter. In consequence, a pretty thorough scheme of assessing damages has been worked out in Sweden, and most adjustments are made with direct reference thereto.

In all countries of Europe where the new principle of workmen's compensation for industrial accidents has been accepted, except Great Britain, benefits to dependents in the event of the death by accident of a workingman, are payable in pensions or annuities. Benefits to employes totally disabled are also payable in annuities, except that in some countries there may be, with the approval of the court, a commutation to a lump sum of the pension or a portion of it. In consequence of these conditions, the question has arisen as to the amount of reserves the company should be required to carry. Even in Great Britain, where the matter of reserve has from time immemorial been left to the discretion of each insurance company, publicity only being required, a special act passed in 1907 has provided a system of reporting the assets and liabilities of companies engaged in employers' liability business. While leaving a large measure of freedom in the matter

of the reserves to be carried, the act requires publicity as to how much the reserves for benefits, payable throughout life, fall short of the present value of these benefits, reckoned by a certain standard set up by the government. The effect of this cannot now be foreseen; but it is expected that publicity will virtually make the standard set up by the government a minimum instead of a maximum standard for companies which desire to command the confidence of employers and the people generally.

The state inspection department of Denmark has the power, which it exercises, to fix not merely the amount of benefits but the reserves which must be carried to protect them; in other words, to fix not only the amount but its present value. Belgium gives similar authority to a state commission upon which serve some of the most distinguished actuaries of that country. In Holland, this authority is virtually conferred upon the state insurance department, which is also a competitor of the private companies, in that the private companies must maintain with the former a reserve equal to the present value of definitely fixed permanent benefits, according to a standard determined by the state insurance department itself. In Sweden, there is no definite standard fixed by law and no power in the state insurance department to impose one; but private companies are given the right, in any particular case of permanent disability, to pay into the state department the present value of benefits as fixed by that department, and thereby be entirely released from liability.

It will hereafter be seen, in discussing compulsory mutual associations of employers for insurance against liability, that the disposition on the part of mutual societies to carry too small reserves is found everywhere and is one of the perils which must be guarded against in substituting that form of insurance for insurance in stock companies.

Wherever insurance against the compensation of workmen for industrial accidents has been taken in stock companies and is not supplemented by sickness insurance enforced by law, a great deal of expense and trouble, as well as a substantial amount of loss resulting from all sorts of minor claims, is found. This is not so true where benefits begin only after several weeks of disability.

or where sickness insurance to cover the first weeks of disablement is maintained by workmen or by workmen and employers together. This fact must always be taken into account in making comparisons between the expenses of management of stock companies engaged in this business when benefits are payable from the beginning of disablement and there is no sickness insurance, and the expenses of state departments or of mutual associations of employers, when liability insurance is so limited and supplemented.

In Sweden, Holland and Belgium employers' liability insurance companies are exposed to the direct competition of state insurance departments which are obliged by law to insure all employers who apply. In France also, the statutes make a similar provision for insurance on the part of the state; namely, employers may insure against their liability, including the first weeks of disablement, but as this provision does not cover the liability for temporary disability, it has been little used by employers. The extent to which this competition on the part of the state has interfered with the operation of private companies will be discussed in a later chapter.

III

INSURANCE OF EMPLOYERS IN MUTUAL ASSOCIATIONS

REFERENCE has already been made to the existence in various countries of insurance for workingmen against accidents, by means of establishment funds to which employers contribute. Mention has been made also of the existence of mutual companies composed of employers, but the subject has not been generally discussed.

In Great Britain much was originally expected of establishment funds. A number of these were in existence before the Workmen's Compensation Act of 1897 was passed, and needed only to be reorganized so that the provisions of the act would apply. This was generally done. It was anticipated that many new funds would be created and that these would prove to be the chief solution of the compensation problem. Such, however, has not been the case. There are many reasons for this, among which are the following: The act required that all such schemes should be solvent and be maintained so under penalty of the employer again becoming liable. Solvency is ascertained at least every five years by valuation of an actuary whose certificate is acceptable to the Registrar of Friendly Societies. Some of the funds could not comply with this requirement, and others, because of the smallness of their membership, were found upon revaluation not to be solvent. Under such conditions the employer either had to make good the impairment or abandon the scheme.

Prior to the enactment of the Workmen's Compensation Act the employer very commonly required his workmen to contribute most or all of the cost of the insurance, holding himself responsible only for the collection and safekeeping of the funds. Some employers were more liberal, making a considerable donation but very few of them were contributing as liberally as is now

required to free them from liability under the terms of the new act.

It often happened, too, that benefits which such establishment funds had been paying, were found, upon examination by the Registrar of Friendly Societies, to be not equivalent in value to those under the Workmen's Compensation Act, and on this ground, it could not come within the provision of the act and entitle the employer to exemption unless the fund was put on a different basis. Most of the existing establishment funds, however, were so far reformed as to provide the desired exemption, though not a few of them have since been obliged to dissolve. Under these conditions, there was not much encouragement for the formation of new funds, the few instances in which they have been established being due rather to altruistic sentiment than to business policy.

An important difficulty in the way of founding new funds and even of maintaining those already in existence has been the almost universal opposition of the trade unions. It is alleged that some employers have endeavored to keep their employes out of the unions and have offered the benefits and advantages of the establishment funds as a means of weaning them away. Trade unions themselves have been furnishing sickness and accident benefits, and the workman who pays his share into the establishment fund is often unwilling to keep up his trade union membership (especially when the employer is not bound by contract to employ union men only); he considers it an unnecessary additional expense. Whenever an enlightened employer has dealt with the matter, without too sharp an eye upon the advantage to be gained for himself, and has planned the fund on lines so broad and beneficial that no reasonable ground for complaint could be found, the scheme has succeeded. Whenever the contrary attitude has been taken, opposition has been encountered. Thus, in connection with certain mining industries it has literally been a fight to the finish with great losses on both sides, and the end is not yet. The trade unions in many instances appear to be justified in their statement that these funds have been used to disrupt them and to pretend to supply wants they were caring for. In any event, whatever the cause, this method of dealing with the insurance problem connected with industrial accidents has

not been especially successful in Great Britain; this notwithstanding the fact that it was well under way before the new statutes were enacted, and that special provision was made in such laws for this method.

In other countries, the establishment fund has had a large measure of success. This is particularly true in Germany in the cases of the Krupp works at Essen, in the two leading steamship companies, and in the shipping and mining industries; also in the mining industries of France, and in particular cases elsewhere.

Not much has been done in Great Britain under the Workmen's Compensation Act, in the matter of organizing mutual liability insurance associations of employers. There is no prohibition nor any special encouragement of it in the act. The employer is not exempted from liability because of insurance either in a stock or in a mutual company. The only purpose of organizing a mutual company under such conditions is based on the hope that insurance may thus be had at a lower cost. British employers are not greatly disposed to federate for any purpose except for an actual merger of their interests. This attitude, no doubt, is partly due to a fixed business policy.

On the continent there is a much stronger disposition among employers to co-operate in mutual associations for the purpose of covering their liability under the laws. Large mutual associations are to be found in the principal countries, and in some of them, as will be seen hereafter, they exist to the exclusion of all other methods of furnishing insurance. In Denmark, where the state frees the employer or the insurance company, as the case may be, from the burden of investigating claims, fixing the amount of damage, etc., a certain large mutual insurance association enjoys a great proportion of the total employers' liability business of the country. In Sweden there are several employers' mutual insurance associations, one of which is transacting much the largest business in the country, with the exception of that conducted by the state department. France has several of these associations and their operations have been successful. The same may be said of Switzerland, Belgium, and Holland, and is particularly true of Italy, where a large mutual association has been greatly favored by the government.

In all these countries such associations are operating in competition with stock companies and in some cases with state departments as well. Insurance is permitted either in such an association, in a stock company, or in a state department, where one exists. Mutual companies hold their own well in competition, but almost invariably display one noteworthy weakness; namely, that because it adds to present cost, they are indisposed to hold adequate reserves for pensions and disability benefits payable throughout the lifetime of the totally disabled or the widowhood of the wife or the minority of children.

Thus, for instance, while Swedish stock companies engaged in employers' liability business cover their liability, after the accident has taken place, either by setting up an adequate reserve or by purchasing an annuity from the state department, equal to the payment to be made, the large mutual companies (and especially the largest of them all) refuse to do this. As they are not required to make any special disclosure of the method by which they arrive at an adequate reserve, they satisfy themselves by carrying what they declare is "a large reserve." This case is mentioned not because it is peculiar, but rather because it is characteristic. It is found virtually everywhere that mutual associations of employers seek to avoid making larger immediate payments than are immediately requisite and refuse to carry reserves which other institutions believe necessary in order to maintain solvency.

Some countries, through special legislation, have made insurance obligatory for employes of a certain class, such as miners, foresters or marine employes. This is true even in countries where no other classes of workmen are required to be insured. Where such legislation has been enacted, insurance, in most cases, is through mutual associations conducted by the employers, and usually employes must contribute, though this is not always the case.

Few associations where insurance has been made obligatory in this manner have attempted to secure financial solvency in the sense that sufficient reserves are maintained to provide benefits payable for accidents which happened in previous years. In other words, a characteristic of the mutual system is, that neglect to provide for ultimate solvency, as if it were a thing which really should be avoided, accompanies that system. When ob-

ligatory, however, such reserves are not deemed requisite to solvency.

In two of the principal countries, Germany and Austria, insurance of all wage-earners who are employed in production or transportation and of many who are engaged in the distribution of products, is obligatory; and, so far as the consequences of industrial accidents are concerned, is carried on through mutual associations of employers. Employments are defined and classified by law, and in Germany, each association contains all employers included in that class. In the United States this system is often, and in fact generally, miscalled "state insurance." It is really not state insurance at all. The government does not render itself liable, does not collect premiums, adjust claims or pay them. It merely by legislation furnishes the original compulsion, and supervises and regulates the operations of these mutual associations.

The same disposition on the part of employers to avoid making payments which shall create a sufficiently large fund to cover benefits to be paid as soon as accidents take place, is found among associations in Germany and Austria as in mutual associations of employers operating under the voluntary system. There is less occasion for such a course in these countries because the mutual associations are not subject to competition of other companies, the excuse frequently offered where insurance is voluntary. In both cases, insurance in the beginning appears to be cheap, merely because the full amount of the damage is not being currently provided for by the premiums. In both cases, too, insurance appears to be increasing in cost because premiums must take care, not only of the claims for accidents during the year, but also of an accumulated amount of payments for accidents which occurred during the previous years.

Under the voluntary system, employers abandon mutual companies after this has taken place and insure in stock companies or with the state if state insurance is offered. If insurance in mutual associations of employers is obligatory, however, there is no escape and employers as a class must ultimately pay the premiums, even when they have reached their maximum. The German statisticians and actuaries have worked this out very thoroughly and have approximated the period at the end of which

the premiums will reach their maximum; and the most enlightened German employers are satisfied to have the system go on in this way, saying that they prefer to keep the money in their business and to produce it only when it is needed. They fully understand by this time, even if they did not at first, that the effect of this method is that employers whose plants may have contributed a large proportion of the loss, may fail and go out of business without paying their fair share of the cost of the insurance. When all is said and done, however, the ruling passion is too strong, and employers have held so nearly unanimously to their opposition to the other method that the German government, feeling confident that under its system of compulsion it can require the entire amount to be paid, has not insisted upon a change of plan.

In Austria, on the contrary, although the laws were passed only two years after the German laws, and are closely similar in all essential respects, the rule was adopted that premiums should be high enough to provide a fund adequate for solvency on the capitalized basis; namely, that the present value of all benefits payable because of accidents which occur during the year, are losses for that year and should be covered by premiums collected during that year. Doubtless, had the government of Austria conducted this business itself, it might have been able to enforce such a rule. What it did was to provide that these associations should be chiefly under the control of representatives of the employers. Even the officers appointed by the government to take part in the management have been pretty thoroughly in sympathy with the employing class. Consequently, these associations have always been found to be insolvent from the actuarial standpoint, and all attempts to prod the representatives of the employers, who are completely in control of the management, into complying with the law by raising the premium rates high enough to provide adequate reserves, have so far been futile.

It is the general opinion in Austria, both among employers and officials of the government familiar with the subject, that there is no prospect that this condition will ever be changed, unless the government consents to shoulder the entire deficiencies already existing. It is problematical, even if this were done, whether the mutual associations would charge premiums high enough to main-

tain a condition of solvency for benefits to be paid on accidents which may arise hereafter. The net effect of the Austrian system, therefore, as compared with the operation of mutual associations of employers elsewhere, appears to have been that employers have become accustomed to the idea that their premiums ought not to be increased in order to meet past deficits because they had all along been of the belief that they had paid from year to year the entire cost of the damages of accidents occurring during the current year. Instead, therefore, of facing with equanimity and a moderate degree of willingness an increase in premiums, as employers are doing in Germany, Austrian employers are resisting all attempts to require them to make good deficiencies caused by the insufficiency of past premiums; and they are pretty certain, even if that is not insisted upon and the government supplies the funds, to avoid paying adequate premiums in the future.

Notwithstanding the manifest shortcomings thus revealed, the operations of mutual associations of employers have exhibited great advantages. Some of these will be discussed in subsequent chapters, but one of them, economy, is so clear as to merit mention at this time. Even in competition with stock companies or, as in some countries, with state departments, mutual associations of employers are famous for the economy with which they are conducted. When they do not have to seek business and it is brought to them under a compulsory system, this economy is phenomenal. Thus the average cost of the German associations, operating under an obligatory system, including as will be seen hereafter a very fair amount of expenditure for special purposes of prevention, is only a little over 12 per cent of the total income as compared with an expense rate of from three to four times that percentage in stock companies; while in countries where insurance is not obligatory and where mutual associations of employers are in competition with stock companies and in some cases with government departments also, the expenses of the mutual societies are not so low, being rarely more than half as large as those in stock companies. These large savings should enable increased benefits to be paid to workingmen and the families of those who are killed, without adding to the aggregate cost to employers and the consequent burden upon consumers.

IV

INSURANCE OF EMPLOYERS IN GOVERNMENT DEPARTMENTS

GERMANY is frequently referred to as the country which best exemplifies state insurance. The fact is that in Germany, as has been stated, accident insurance is conducted entirely by mutual associations of employers supervised by the state, which furnishes little more than the compulsion and the supervision. Even in Austria, although the state through persons appointed by it, takes a limited part in the management of these mutual associations of employers, it has not accepted financial responsibility. There are, however, various government insurance institutions in Europe which play some part whether important or not, in the development of insurance against industrial accidents. They remain to be described.

In Great Britain, the only state insurance institution is a department for the sale of life annuities and life insurance guaranteed by the government. The latter service, however, has so far played no part in the development of insurance of workingmen against industrial accidents; and the former only enables an employer who has been adjudged liable for the payment of a periodical sum, such as an annuity, because of permanent total or partial injury caused by an industrial accident or occupational disease, to relieve himself from this responsibility by purchasing an annuity for this amount from the government. The price of these annuities is fixed by law at three-fourths the price of an annuity of the same amount purchased by direct application. The idea is that, on the average, the lives for which such annuities are purchased are impaired by permanent injuries to such a degree that one-third larger benefits can be supplied for the sum charged in cases of persons who have not suffered injury. Employers' liability insurance companies are likewise required to report, in addition to

a statement of the reserves which they have actually set aside for the protection of claims, what their liability would be on the basis of the provision for purchasing government annuities; that is, what it would cost to purchase from the government annuities sufficient to relieve them from obligation to make such payments.

A similar use, though not founded on the same rough and ready basis of 75 per cent, is made of the "Statsanstalt for Livsforsikring" in Denmark. This is a state life insurance and annuity department, and exemption from direct liability may be obtained by insurance companies or employers by purchasing annuities from it. A like privilege is enjoyed by the employer in France, who also has the additional advantage that he may, if he will, free himself from all payments on account of permanent disability, by insuring with the government. But he must assume the liability himself for temporary disability, whether total or partial, or protect himself against it by insuring elsewhere. No great effort, however, has been made to extend this branch of insurance. It appears to have an advantage in permitting employers to protect themselves before injuries have occurred, instead of merely purchasing freedom from liability for a lump sum after the accident has taken place. But employers seem to feel that if they must bear all the trouble and expense of paying for all temporary disability, they can get along without later insurance against permanent disability. There is in France, also, as has been mentioned, a system of state insurance against the insolvency of employers under obligations to pay benefits for industrial accidents, or of the companies in which they are insured. This insurance is obligatory; every employer must contribute a fixed percentage of the wages paid by him to a fund maintained by the state for this purpose. Out of this, the government provides whatever payments are due if an employer or the insurance company defaults.

In Belgium, full and complete authority is granted the government life insurance, annuity and savings bank department to insure employers against their liability for industrial accidents. The law provides, however, as already stated, that the employer may free himself entirely from liability by insuring in any one of

the "recognized" Belgian companies. Insurance with the state is thus not the only means by which he can escape direct liability.

Had provision been made for a separate government department for insurance against liability for industrial accidents, and had it been placed in the hands of as capable a manager as at present presides over the government life insurance, annuity and savings bank department in that country, there is little doubt that a flourishing state institution for this class of insurance of employers would be in existence there. The latter institution commands the admiration of Europe because of the remarkable results achieved by it in encouraging the accumulation of an enormous amount of savings, in the economical and sound management of its life insurance, annuity and savings bank department, and in the incentive given by the loans which it makes to the building of workingmen's homes. But the development of employers' liability insurance as a branch of this government department would very likely be attended with serious consequences to the popularity and utility of its present flourishing branches. All three of these make their principal appeal to wage-earners who, in a fourth department of insurance against accidents, would appear as claimants. These would, perhaps, retaliate by withdrawing their patronage from the other departments, incensed by the precautions which would, and indeed must, be taken in the settlement of claims for disability in order that there may not be imposition by simulation.

It should be borne in mind that the most serious menace to the success of insurance against the consequences of industrial accidents is the peril that enormous sums may be disbursed, not in compensation for actual financial loss, but merely as a reward for successful imposition. In consequence, accident insurance institutions of whatever class, whether mutual, stock or state, to be successful, must give careful attention to the investigation of claims and must even seem to be hard-hearted. The danger that a state institution may for political reasons be less careful in this respect than others, is by some believed to be great. The pressure upon it to be lax, as a matter of policy, would be enormously increased if this form of insurance were conducted by a department of the government which had for various reasons to ingratiate itself with the very class of persons with whom such adjustments

In Sweden, the state insurance department, in open competition with private companies both stock and mutual, insurance not being compulsory there, is seen to the best advantage. The department has been established more recently than any heretofore described. It was intended, if it should prove successful, eventually to absorb the entire business and replace all private institutions. It is generally conceded, even by managers of private companies, that this expectation is rapidly being realized. This is ascribed to special advantages which have been given the state department and special disadvantages imposed upon the companies. But even a very slight investigation shows that, while there may be some truth in both of these statements, the success of the state department is chiefly due to greater efficiency and economy.

When the department was established, it was put in charge of a man who resigned the management of the largest Swedish employers' liability insurance company to assume its control. He had made himself acquainted with the small measure of success achieved by state departments in other countries when conducted in competition with private companies. As a result, he mapped out for his department a materially different course. Since the state would be required to accept all applicants, he fixed its rates of premiums so high that he was certain there would be no loss on the business. At first, this had the effect of causing all the largest and most desirable lines of insurance to be taken by private companies, stock or mutual, which regularly underbid the state department in competition. For a time there was an enormous growth of the business of private companies, and that in the state department, though large, was chiefly confined to small employers and less desirable lines. The department seemed to have followed a wrong course, and there probably were rejoicings over the failure of the state scheme. If so, these rejoicings were premature.

For private companies, the law required the state department to determine the extent of the injury in cases of total or partial disability, permanent or otherwise, and the amount of benefits payable. The payment of a prescribed sum to the state department would relieve the private company, or the

employer, from liability, the state assuming the payment instead. This had the double effect of giving the department special authority in these matters and thus preventing its competitors from making their premiums too low, and of enabling it quickly to get reliable statistics on these subjects, derived from sufficient data.

As soon as it was clear that the state department was not losing money, but was solvent and showing a profit, the astute director commenced reducing the rates of premiums. He carefully discriminated not merely between broad classes of risks, but also between the hazards of individual establishments, demanded improvements as a condition for reductions in rates and generally made his department effective in decreasing hazards and thereby reducing the rates.

The department has great advantages. It is charged with no expenses, the cost of conducting its business being covered by a special appropriation from the public income and by services performed by other departments. Its premiums are payable at any post office in the kingdom and are transmitted to it, without cost either to the insured or to the department. Its claims are paid through the post office savings bank in a similar manner. Postmasters receive a small fee from the government for each of these services, in consideration of which they also assist in making out necessary papers and render themselves generally useful. These administrative expenses fall upon the state and are paid out of taxes and not out of premiums received by the department. It is therefore not singular that the manager, with his experience and his increasingly accurate data as to necessary premiums under the newly defined liability, should be able to compete successfully with private companies and gradually to absorb the business. This is taking place. That the process is at present not complete is due chiefly to two reasons: first, some important employers have such large investments in the stock insurance companies that they continue their patronage and influence others to do so, even though it is not profitable to them; and second, some of the mutual companies have competed successfully, because their expenses are low and they do not need to earn a profit; and also because they are not maintaining adequate reserves, a practice which must

ultimately result in an advance in their premiums that will wipe them out of existence.

The kind of state insurance which most Americans who have considered the matter at all have in mind is realized only in Norway. There state insurance is an absolute monopoly, with its management entirely in the hands of the government. Norway was the first country to follow the footsteps of Germany and Austria in accepting the new principle of employers' liability; namely, that there should be compensation for industrial accidents, not because of any alleged negligence of the employer, but in order that all the costs of carrying on the business should be borne by the employer and so appear in the price of the product. It was not possible in Norway to establish mutual employers' associations composed of a particular class, in which insurance would be compulsory upon all employers of that class, for the reason that, with two exceptions, fisheries and shipping, Norway has no classes of employers whose numbers would be sufficient to furnish a safe average. It was necessary, therefore, to deal with the matter in another manner. After making a thorough study of the operations of the German and Austrian systems, the Austrian system was accepted, in so far as it sought to provide for the collection each year of premiums sufficient in amount, not merely to pay current claims arising from accidents of that year, but also to assure payment of future instalments of benefits due to such accidents. Participation of the government in the management was not only accepted, but was extended so as to give the government the entire control. Participation of employers in the management was abandoned largely because employers of different industries would not be able to co-operate as intelligently as if all were engaged in one industry. As has already been noted, this latter method is the one employed in Germany and to a considerable degree in Austria.

The Norwegian insurance department has been conducted with great economy, and it is not possible to praise too highly either its technical management or its careful investigation of statistics. The latter from the beginning has been carried on by trained actuaries and is particularly admirable. Cost of insurance

has been light and benefits have been great, facts recognized by both employers and employes.

Absolute solvency, in the sense of carrying reserves fully equal to all requirements, was not attained through collection of premiums. The small aggregate resultant deficit, amounting to about $100,000, was, however, made good by the Storthing a few years ago, not without grumblings, but happily without any disposition to destroy the institution. The management, however, was transferred from an able actuary and theorist to a practical engineer who had just completed the construction of the railroad from Christiania to Bergen, one of the most remarkable pieces of railway construction in the world. The change did not disturb the excellent department of technical investigation and perhaps strengthened it.

Notwithstanding that the state insurance department has been in operation for fifteen years, it has not been particularly helpful in suggesting improvements, either in the matter of prevention of accidents or in the extension of workingmen's insurance. The same characteristic which is so often seen in state ventures, namely, a disposition to make more effective what is already established, but not to assume greater responsibility or extend the beneficial features of the institution, is here present.

In Italy there is compulsory insurance but no monopoly. All employers must insure; but they may do so in mutual companies, in schemes which embrace employes also, or in stock companies. If they do not insure in any of these, they must insure in a general mutual fund which the state supervises and in a certain measure controls. This fund is not, however, properly speaking a state institution, its management being in large part entrusted to insured employers, though they act under strict supervision. It differs, likewise, from state insurance departments, such as have been here considered, in that the government does not openly and avowedly accept the responsibility of guaranteeing payment of the insurance. It is probable, however, that if a condition of insolvency should supervene, it would be found that the government had accepted such moral responsibility for this mutual society that it could not do otherwise than come to its rescue.

V

WORKMEN'S COMPENSATION AND ACCIDENT INSURANCE IN VARIOUS COUNTRIES

GREAT BRITAIN

THE first important step in Great Britain in extending employers' liability for accidents to workmen was taken in 1880. Up to that time, injured workmen had recourse to the common law, as is now the case in most of the states of the United States; and compensation could be obtained only upon unquestionable proof that the employer was directly responsible. In other words the "fellow-servant," "contributory negligence" and "assumption of risk" principles governed absolutely. The law of 1880, following the lines of the German law of 1871, made the employer directly liable for all accidents caused by defective works, ways, plant or machinery or by the negligence of persons in authority under him. Although more liberal than any heretofore, this law proved unsatisfactory. It was too limited in its scope, and actual experience showed that under it only seven out of one hundred injured or killed were compensated.

The broad principle that employers must make compensation to workmen for injuries received in the course of employment under them was regarded at that time as alien and un-English. A bill was, however, introduced and championed by the present premier, Mr. Asquith, which offered to workmen about the same right to indemnity in case of injury as was enjoyed by others than employes. Such rights were based upon the theory of the negligence of the employer and did away with the three conditional rules or defenses enumerated above. This bill passed the Commons but was defeated in the House of Lords. The Gladstone government failing of re-election, a new and broader measure was presented by Lord Salisbury in 1897 whereby the principle of employers' liability was unconditionally accepted. To secure indemnity under this statute the workman was no longer required to prove negligence, but only that he had been injured in the course

of his employment. This brought the situation in England to about the same point as that in Germany under the law of 1884.

The English law of 1897 applied at first only to employes of railroads, docks, factories, store-houses, stone quarries and building trades, but not to domestic servants, clerks, common or agricultural laborers or sailors. It was amended in 1900 to cover common and agricultural laborers, but clerks, sailors and domestic servants were still unprotected. Of the classes not embraced in the law only about five in one hundred injured or killed were being compensated.

By a new enactment in 1906, employers' liability was extended to virtually all occupations, including domestic servants, thus adding about 6,000,000 to the number already protected and making a total of nearly 13,000,000 workingmen and women covered by the law. The provisions also were made clearer and more favorable to workmen. According to the requirements of this act, which is now in force, every workman who is injured during working hours is entitled to compensation without consideration of time or place. Employers are responsible for clerks and salaried employes receiving a salary under £250 ($1217.50) yearly; no income limit excludes any class of manual laborers, to all of whom the law applies. Certain occupational diseases which can be distinctly traced to the work are classed with accidents.

The schedule of compensation is as follows: In event of death, the sum of three years' wages, maximum, £300 ($1460), minimum, £150 ($730), is paid to dependents or a proportionate amount to persons partially dependent. If there is no direct dependent, the employer pays only the medical and funeral expenses, the latter not to exceed £10 ($48.70). In event of disability exceeding one week in duration, half the average weekly wage, including value of board and lodging, must be paid, the maximum being one pound ($4.87) per week. If injury leads to permanent disability, compensation is payable weekly throughout life. A workman under twenty-one years of age, though earning less than a pound per week, including value of board and lodging, is entitled to a compensation of 10 shillings ($2.43), which is on the basis of a pound. The period which must elapse before the workman receives compensation was reduced by the new law from two weeks to

one; and now, if the disability lasts more than two weeks, the employe is entitled to indemnity for the first week also.

If the injury is caused by the wilful act of the workman, he is not entitled to compensation unless the accident results in death or permanent disability. If caused by the wilful act or negligence of the employer, the latter is still liable to suit under the Employers' Liability Act of 1880 or under the common law or the Fatal Accidents Act of 1846, and thus much heavier damages may be obtained than under the compensation act. If the claimant is defeated, the trial judge must award damages under the Workmen's Compensation Act. Yet such actions are brought in less than one per cent of the cases of injury. No doubt the fact that the statute and the court fix the attorney's fee has much to do with this.

Under the English law, responsibility rests entirely upon the employer. He is not compelled to insure as in Germany, and with the sole exception noted below, he is not freed from liability if he does insure. In case of injury, it is he who must pay the indemnity. If insured in a solvent company, the latter simply indemnifies him. The exception is that employers are permitted to insure with stock companies, mutual associations of employers or in friendly societies connected with their establishment or industry to which their employes also contribute. Employers must satisfy the Registrar of Friendly Societies that they make contributions at least equal to the benefits under the act, when the risk is carried by an establishment fund. The benefits are, in fact, usually much greater, as should be the case since workmen also contribute. The employer is released from liability so long as he contributes to the society and it is maintained solvent. Valuations are required every five years.

In 1905 there were 55 such voluntary workmen's associations, having a membership of perhaps 100,000; they had not on the whole, however, been very successful or popular. At one time there was promise of a great development of accident insurance in establishment of friendly societies, a thing apparently much to be desired; but workingmen, believing they were breaking down the power of trade unions, opposed their further extension. The societies are, therefore, now on the decline, although there are some indications that the principle may be extended at a future time.

Under the new act, nearly all insurance of employers is in stock companies. These have large resources and are supposed to carry sufficient reserves. This question has been left entirely to the companies' discretion hitherto, there being no system of state supervision; but such companies must now report their reserve liabilities and on what basis computed. They must also report their reserves computed on the basis of the cost of three-fourths the amount of the annuities if purchased from the government. British companies enjoy a high reputation for strength and conservative underwriting.

When the first compensation act was passed in 1897, insurance companies came forward promptly and offered to take over the liabilities of the employers. Not having adequate experience, their premium rates were at first very low, in many cases less than four shillings per pound based upon their payroll, namely, two-tenths per cent per year. The companies were fairly swamped with business; but things are now on a better business basis and a more or less uniform premium rate has been established for all companies.

The Law, Union and Crown Insurance Company is typical of companies doing this sort of accident business. The following table gives a summary of the rates now offered by it.

TABLE I.—BENEFITS AND RATES OF THE LAW, UNION AND CROWN INSURANCE COMPANY

Benefits	*Indoor Servants* (*Shillings*)	*Gardeners* (*Shillings*)	*Outdoor Servants, Coachmen and Grooms* (*Shillings*)	*Chauffeurs* (*Shillings*)
Covering Legal Liability Only. . .	3½	5	7½	20
Extended Benefits—in addition to covering legal liability:				
Covering legal liability and first week of disability	3	6	9	25
Full wages, including board wages for one month, with medical expenses, up to £5 for any one accident .	5	7½	10	30
Full wages, including board wages not exceeding 20s. per week during total disablement, limited to twenty-six weeks	5	7½	10	30
Full wages, including board wages for one month, for accidents or diseases with medical expenses up to £5 for any one accident or specified disease.	6	8½	12	32½

It is encouraging to observe that the companies report a reduction in litigation. Since the new laws went into effect, the fact and the amount of liability are usually definite. Workingmen, however, protest that settlements are mercilessly unfair; and expense of litigation and adjustment is still a considerable item in the disbursements of the companies.

Up to the present time, expenses of management, including litigation and adjustment, have absorbed nearly one-half the premiums. The industries of Great Britain are thus paying in premiums, if adjustments are fair, about twice the net cost, and if not fair, they are paying in expenses,—which under the German system have been made unnecessary,—many times what would enable all adjustments to be fair and even liberal. Insurance of employers in mutual associations has developed but little.

Under the acts of 1897 and of 1900, the premiums were said to be a light tax on British industries and to amount to a very small addition to the wages. Since the new, more comprehensive and liberal law came into operation (July, 1907) the rate of insurance is, of course, considerably higher. This is not wholly the result of claims due to the additional causes of injury named in the act, but in part because litigation must be resorted to in order to interpret the new act, and to the delicate relationship of three laws, each based on a different principle; namely, the common law, the employers' liability statute of 1880 and the recent compensation acts.

Dissatisfaction has already shown itself in various directions. Managers of friendly societies, as might have been expected, consider the operation of the Workmen's Compensation Act unfavorable to their organizations; first, by causing persons to refrain from becoming members of such societies, who argue that they will become disabled, if at all, only by industrial accident or disease, in which case the employer must pay; and second, by causing malingering, since the combined indemnity under the Workmen's Compensation Act and the benefit under the membership certificate of his society may yield the member more while disabled than while at work.

The trade unions also are not satisfied with the Workmen's Compensation Act. For several years in succession the Congress of British Trade Unions has passed resolutions demanding that state

TABLE 2.—NUMBER OF EMPLOYES, ACCIDENTS AND DISEASES, AND COMPENSATION PAID IN CERTAIN INDUSTRIES, 1908

Industry	Number of Persons Employed			Accidents				Diseases				Total Compensation (Pounds)
				Fatal Cases		Disablement Cases		Fatal Cases		Disablement Cases		
	Total	Males	Females	Number	Amount Paid (Pounds)	Number	Amount Paid (Pounds)	Number	Amount Paid (Pounds)	Number	Amount Paid (Pounds)	
Shipping												
Steam vessels	215,027	214,016	1,011	309	52,741	5,407	47,761	..	..	..	..	100,502
Sailing vessels	19,974	19,958	16	62	8,592	470	3,758	..	..	..	..	12,350
Total for shipping	235,001	233,974	1,027	371	61,333	5,877	51,519	..	..	..	..	112,852
Factories												
Cotton	549,666	215,458	334,208	30	4,252	7,933	36,755	..	..	2	7	41,014
Wool, worsted, shoddy	320,656	183,195	137,461	23	1,893	1,977	9,908	..	..	2	4	11,805
Other textiles	283,169	86,929	196,240	11	1,056	1,881	8,650	..	..	5	34	9,740
Wood	228,875	222,917	5,958	37	5,007	5,286	32,640	2	515	3	38	38,200
Metals (extraction, &c.)	431,447	414,795	16,652	164	23,669	24,504	110,874	2	208	123	1,367	136,118
Engine and ship building	251,403	248,748	2,655	144	21,538	18,551	128,345	1	71	20	509	150,463
Other metal work	966,899	901,939	64,960	146	20,738	32,443	133,487	4	398	71	974	155,697
Paper and printing	342,813	219,229	123,584	23	2,813	3,303	16,515	1	50	18	324	19,702
China and earthenware	53,874	31,091	22,783	16	2,436	1,085	5,049	9	1,542	113	1,763	10,790
Miscellaneous	2,069,186	1,380,509	688,677	357	47,104	39,394	178,078	5	836	185	2,597	228,615
Total for factories	5,497,988	3,904,810	1,593,178	951	130,506	136,357	660,301	24	3,620	542	7,617	802,044
Docks	67,929	62,440	5,489	156	21,254	10,591	65,220	1	187	11	67	86,728
Mines	1,047,862	1,040,998	6,864	1,301	226,226	137,622	601,848	..	..	1,689	13,382	841,456
Quarries	85,475	85,433	42	88	11,501	5,284	23,056	1	230	2	11	34,798
Construction work	127,106	126,588	518	119	13,551	6,805	38,269	..	..	6	108	51,928
Railways												
Clerical staff	54,508	53,365	1,143	3	200	39	155	..	..	..	..	355
Other railway servants	396,884	391,980	4,904	458	67,515	20,649	82,924	..	..	10	72	150,511
Total for railways	451,392	445,345	6,047	461	67,715	20,688	83,079	..	..	10	72	150,866
Grand Total	7,512,753	5,899,588	1,613,165	3,447	532,086	323,224	1,523,292	26	4,037	2,260	21,257	2,080,672

insurance be made compulsory upon all employers. They base this, not upon the economy of state insurance but upon the expectation that adjustments would be fairer and that there would be no cases in which workingmen or their families would fail to receive indemnity because of insolvency of the employer. They also allege that there is pressure brought to bear upon employers to discharge old employes in order to reduce the risk of accident and in consequence the premium rate. The table on page 47 gives the distribution of industrial accidents and compensations paid during the year 1908.

NORWAY

Legislation for workingmen's insurance in Norway dates back to 1885, when a royal commission was appointed to consider all questions relating to the subject. The commission concluded its labors in 1890, and presented a bill in favor of compulsory insurance against sickness and accident. With many changes, the measure was submitted to the Storthing in 1893, but for various reasons the section relating to accident insurance alone was accepted.

This law, modeled after laws in operation in Germany and Austria, went into effect July 1, 1895. It has been amended three times, but the amendments do not materially change its provisions. As it stands today, it covers manufacturing only, agriculture, fisheries and shipping not being included. Its provisions require that workingmen engaged in factories, mills, mines, preparation of explosives, etc., at wages not exceeding 1200 crowns ($324) per annum, must be insured whether employed by the state, the commune or a private employer. Workingmen with an income above this sum are also included; but premiums and benefits in such cases are based on an income of 1200 crowns. Insurance for the employe must be taken in all cases by the employer in the state department, which may also write certain forms of voluntary insurance. Administration expenses are paid by the state out of general taxes, the department being entirely bureaucratic and managed by governmental appointees.

The awards of indemnity are made by certain trustworthy men in each commune, who are paid half by the state and half by the commune. The cost, outside of administration expenses, is met

by the employers, the rates of premium charged the latter being determined by the risks of the business as shown by experience. If the workman dies as a result of injury, his heirs receive 50 crowns ($13.50) for his burial, his widow 20 per cent of his wages during her widowhood, and each minor child, whether legitimate or illegitimate, 15 per cent payable up to its fifteenth year. The aggregate to widow and children, however, must not exceed 50 per cent of the wages. If both parents are dead, each child receives 20 per cent of the wages, with the same maximum for the aggregate. If the widow re-marries, she receives a lump sum equivalent to three times her annuity.

In case the injury does not cause death, the workman is entitled after four weeks to the cost of medical treatment, either at home or in a hospital. Sickness insurance societies are to pay these costs for the first four weeks, if the workman is so insured; otherwise the employer is liable for them. If disabled, after four weeks the workman is paid 60 per cent of his wages, but not more than 60 crowns ($16.20) per month in any case. Should the disability not be total, the benefit is proportionately smaller. The state department is permitted to pay a lump sum, equal to the estimated present value of benefits, if this will assist the injured to establish himself in a self-supporting, permanent occupation.

An extension of this accident insurance to foresters, sailors and certain kinds of agricultural laborers is contemplated. There is also a proposal for compulsory insurance of fishermen, the premiums to be paid partly by the insured, and partly by a tax on the fishing industry.

The inner workings of this state department are of some interest. As in Austria, it set out to collect premiums sufficient to set up capitalized values; but, unlike Austria, being free from the control of employers, it has reasonably fulfilled this expectation. There was at one time a small deficiency never exceeding $100,000; but the Storthing made this good by an appropriation. An essential difference between the Norwegian and the German system is that the former is on a reserve, or "capitalized value" basis, and the latter on the assessment basis.

The department has worked out the value of the hazards

from its own statistics, and determines what are fair and proper rates of premium. Whether satisfactory to the insured or not, they are the rates which must be paid. The management is economical and efficient; and neither employers nor employes desire a change.

The influence of this state department in the matter of prevention does not appear to be very great. It may report defects to the department of factory inspection and doubtless this is frequently done; but if the attention of employers is called to such matters by a government official instead of by one of their associates, it is believed that unless enforced by an actual order, the subject does not receive the consideration that it does when coming from either employers' mutual companies or sickness societies to which employers contribute.

Rates of premium in the department are lower for the same protection than those either in Austria or Denmark. Collections are made through special collectors appointed by the communes. The premiums paid by the employer are on the basis of the actual payroll. Part of these are paid in advance, part during the year and the final adjustment is made at the end of the year. The employer is forbidden by law to deduct any portion of the premiums from wages. On the other hand, employers are not required to pay when wages rise above four crowns ($1.08) per day for the excess over that daily wage. Wages under one and one-half crowns (40 cents) per day are counted at this figure. Inspection is made and the business conducted through branch offices, specialists often being employed to detect malingering and imposition.

One of the oldest stock companies doing accident business in Norway is the "Sigyn." This company was formerly extensively patronized by employers who voluntarily insured their employes under the old law. A part of the premium was contributed by the workmen, being deducted from their wages. Usually this insurance did not relieve the employer from all liability, as the employe could still recover in those cases where the accident was due to the gross carelessness of the employer. When the compulsory insurance law became effective, however, the Sigyn at once lost its business, which had grown to premiums of 100,000 crowns ($27,000) annually.

YALE LIBRARY

SWEDEN

The history of workingmen's insurance in Sweden is that of a struggle between a series of royal commissions, far-sighted and thoroughly up-to-date on the one hand, and a conservative parliament on the other. Step by step, the fight has been waged; and at last the matter has reached a stage which, although not as well advanced as in some other European countries, yet shows excellent progress.

In the year 1884, a commission was appointed to study workingmen's insurance. This body collected much valuable material and in 1888 presented a bill for obligatory accident insurance of the German type. It failed of passage. A new commission was appointed in 1891, with instructions to devise a comprehensive scheme of obligatory workingmen's insurance. The plan was to cover only permanent disability, and workingmen incapacitated by accident were to receive compensation on the same basis as those incapacitated by sickness or old age. This bill was rejected as was also another somewhat modified bill presented in 1898.

In 1901, however, Parliament finally accepted a measure presented by the government establishing employers' liability for industrial accidents on a workmen's compensation basis. The measure went into effect January 1, 1903. Under this law, the employer is obliged to indemnify his employe in case of accident not due to the employe's gross negligence or wilful act. In most cases, the indemnity commences with the sixty-first day after the accident and amounts to one crown (27 cents) a day. In cases of permanent disability, an annuity depending upon the degree of impairment of earning power is given; maximum, 300 crowns ($81) per annum. In case of death the indemnity is 60 crowns ($16.20) for burial expenses, an annuity of 120 crowns ($32) to the widow and a yearly allowance of 60 crowns ($16.20) for each child up to its fifteenth year, the aggregate to the family not to exceed 300 crowns ($81) per annum.

There are 350,000 workingmen in Sweden subject to this law. It applies to various industrial groups, farmers not being as yet included. Since January 1, 1909, it also covers accidents to fishermen. Insurance against this liability is left entirely to the em-

ployer who may carry his own risk or insure in a stock or mutual company or in the state department.

The state department, according to present indications, is bound within a short time to displace all the companies. This is due, in part, to certain advantages which it enjoys. If the employer insures in a private company, he is not released from liability; should the company for any reason fail to meet the obligation he would be required to pay. If he insures with the government, however, he is released from all liability. The state department, in effect, is subsidized by the government, which pays its running expenses. It has been extremely fortunate in its management from the beginning, having been under the control of an able insurance man. As it had no experience to guide it, however, rates of premium were at first fixed rather high. Accordingly, private companies reaped a harvest by offering lower rates, but gradually they have increased their premiums while the government has been able to reduce its own. This has had great moral effect; and it is now the opinion of all, including the managers of the private companies, that the government will soon monopolize the business.

The state department is solvent under the strictest rules of valuation; namely, it has on hand the capitalized value of all pensions and an adequate premium reserve. All surplus derived from premiums is put into a special fund to supply annuities, etc. This department collects and pays through the post office banks, postmasters receiving a small commission on each transaction; but it also has its own agents and canvassers who receive a commission of 6 per cent.

Another duty of this department is to act as referee between the employer and his employe. It determines the degree of impairment in cases of partial disability and also the amount of benefit. There is virtually no appeal from its decision in matters of adjustment. In consequence, a pretty thorough scheme for measuring the value of various disablements has been evolved. Another of its functions is to take over the liability of employers or of companies for accident indemnities in consideration of a payment equal to their present value by its tables. Most private companies relieve themselves from liability in this way. The following are specimen present values:

TABLE 3.—PRESENT VALUES OF ANNUITIES PAYABLE QUARTERLY UNDER THE LAW OF 1901

A. Annuity of 300 crowns for the life of a workman:

Age	*Value* (*Crowns*)	*Age*	*Value* (*Crowns*)	*Age*	*Value* (*Crowns*)
15	6,612.60	35	5,578.50	55	3,874.50
20	6,375.00	40	5,214.30	60	3,351.30
25	6,156.90	45	4,812.90	65	2,806.50
30	5,896.20	50	4,366.80	70	2,259.30

B. Annuity of 120 crowns for a widow:

Age	*Value* (*Crowns*)	*Age*	*Value* (*Crowns*)	*Age*	*Value* (*Crowns*)
20	2,145.00	40	2,105.00	60	1,418.00
30	2,193.50	50	1,829.90	70	969.50

C. Annuity of 60 crowns for a child up to fifteenth year:

Age	*Value* (*Crowns*)	*Age*	*Value* (*Crowns*)	*Age*	*Value* (*Crowns*)
0	582.70	5	491.00	10	272.90
1	606.00	6	452.30	11	222.30
2	586.90	7	410.90	12	170.10
3	559.00	8	367.10	13	115.60
4	526.70	9	321.10	14	58.90

One of the competitors of the state insurance department is the "Bore," a mutual association of employers, founded in 1889, which formerly insured against liability under the old law. This company charges graded rates of premiums, smaller for large establishments with many employes. It exercises a great deal of selection and discrimination. For example, one policy was canceled a few years ago, because of a strike among the employer's workmen. If an accident occurs through the employer's gross negligence, the company holds him for the damages. It still charges somewhat lower premiums than the state department, but the latter is constantly reducing its rates and is gaining rapidly.

There are in Sweden, besides, some stock companies, of which the "Fylgia" and the "Norden" are good examples. The first writes policies for larger benefits than those of the state department, and in some cases the policies cover not only accidents while at work but general accidents. This company has also made a specialty of writing "collective" policies; these supplement the benefits of the employer under the law, the workmen's

premiums being deducted from their wages. Since the establishment of the state department, however, the business of the Fylgia has fallen off and is no longer profitable. In the old days, the company issued "collective" accident policies in preference to employers' liability policies. At the present time it competes fairly for certain risks with the state department because it has its own experience to guide it; but the officials recognize that, when the government has gained experience, it will make lower rates and will practically have a monopoly. This is all the more certain since, under the latest rulings, the state department may also issue policies under which compensation begins with the day of accident and not merely, as formerly, on the sixty-first day after the accident occurred.

The Norden writes an accident policy, paying 1000 crowns ($270) in case of accidental death, 2000 crowns ($540) for total disability and one crown (27 cents) a day for temporary disability for a period not exceeding six months. But this company, too, is feeling the hopelessness of the situation.

Up to December, 1907, the total number of workingmen insured was 250,000. Of these, 70,000 are in the state department; the others are in private companies. About 100,000, comprising chiefly those wage-earners under small employers who are not responsible financially, and an additional number employed by a few of the larger concerns which are financially able to carry their own risks, are not yet protected. This is clearly one of the weaknesses of a voluntary system of insurance.

DENMARK

The first important step towards workingmen's insurance in Denmark was taken in 1885, when a commission was appointed to draft a law providing for sickness and accident insurance. The commission reported in 1887 and its recommendations were embodied in the sickness insurance law of 1892. It also recommended the organization of a state department for accident and employers' liability insurance with compulsory contributions from employers, the expenses to be met by a special tax on agriculture. After several years of discussion, the principle was entirely discarded

and a new law agreed upon. While this established employers' liability on the principle of workmen's compensation, it left the matter of insurance entirely at the employers' option.

The law was passed January 7, 1898, and went into effect one year later. It applies to industries of all sorts, especially to those conducted in factories, those employing steam, electricity, wind and water power; to ships and over-sea navigation, railroads and tramways, and the larger building trades. It does not include agriculture. The law applies not only to workingmen proper but also to overseers and the like, if the salary does not exceed 2400 crowns ($648).

In cases of temporary incapacity caused by accident, the injured has a daily allowance of three-fifths of his wages, minimum one crown (27 cents), maximum two crowns (54 cents), per diem. This benefit begins after a waiting period of 13 weeks and continues until a cure is effected or the degree of incapacity has been determined. This relief is not deducted from the amount payable in the final adjustment.

For permanent and total disability due to accident, the injured workman receives in one lump sum six times his yearly wages, the minimum sum being 1800 crowns ($486) and maximum 4800 crowns ($1296). In case of partial incapacity, compensation is graded according to the degree of impairment of the earning power.* If death results, the dependents receive in a lump sum the amount of four times the annual wages, minimum 1200 crowns ($324), maximum 3200 crowns ($864), and in addition the sum of 50 crowns ($13.50) for burial expenses. The employer must furnish these benefits, unaided by the state; but has the right, under the law, to transfer his liability to one of the mutual or stock insurance societies recognized by the Minister of the Interior. Mutual companies have perhaps the larger share of patronage and they appear to be increasing in popularity.

Under the Danish system, administration and supervision of the accident law are entrusted to a special workingmen's insurance council, or "Arbejder Forsikrings Raad," of which the Minister of the Interior is head. This council has had a marked influence on the development of accident insurance. The Raad is

* See Table 4, page 57.

chiefly a department for the adjustment of claims; it determines whether the employer is liable, the nature and degree of the impairment of earning power of the workman, and the amount of indemnity payable. Every adjustment must be made through it, whether the employer is insured or not, and its decisions are final. There is an appeal from the decision of the original referees to the chief of the department, but none beyond that, except to the courts on the construction of the statute. By this means, private companies are spared the expense of adjustments, and have only to pay the claims for which the state department decides that they are liable. The plan has been satisfactory to workmen and employers, and singularly, also to the insurance companies.

It must not be supposed, however, that this statute relieves the employer from common law liability if the employe desires to have recourse to the latter. Should the employe accept compensation under the statute he forfeits his common law right, as is the case in Great Britain; but, as is not the case in Great Britain, if he sues under the common law, without the consent of the Raad, and loses, he can have no redress under the statute. With the consent of the Raad employes may sue under the old liability law, in which case, if they lose, they may yet obtain compensation under the new compensation act; but this consent is rarely given and never unless there has been gross criminal negligence.

The law regarding fishermen and sailors differs somewhat. Fishermen may insure themselves in a special state department, on payment of an annual premium of five crowns ($1.35), the state contributing the remainder of the cost which, so far, has called for an additional five crowns. On the other hand, compulsory insurance with state aid was established in 1905 for seamen on sailing vessels. Benefits granted are: for permanent and total disability 3600 crowns ($972), and for death 2500 crowns ($675). For ships over 20 tons, the employer must insure in one of the accident companies.

An accident insurance law covering agriculture and forestry was recently adopted. Under its provisions, the employer whose holdings are worth more than 6000 crowns ($1620) must insure his workmen in one of the recognized insurance companies. If the holding is of less value, both the employer and

the employe may insure themselves in a special state department, the state paying all the cost above five crowns ($1.35) per annum as in the case of fishermen.

There are at present three departments in the Raad, and a fourth for farmers is being organized. Each is under the direction of seven representatives, of whom three are appointed by the king, two by the employers, and two by the employes. The appointees of the king are the same for all departments. The report of the Raad for the year 1906, shows that there were in all 2149 industrial accidents, subject to the law, 1958 of the persons injured having been insured. In settlement of valid claims 520,103 crowns ($140,418) were disbursed.

The following table shows the proportion of the various degrees of impairment as found by the Raad:

TABLE 4.—PROPORTIONS OF VARIOUS DEGREES OF IMPAIRMENT IN ACCIDENT CASES, 1906*

Per Cent of Total Disability	*Per Cent of Cases*
5	3.6
6–10	40.4
11–20	35.5
21–25	4.9
26–50	12.8
51–100	2.8
Total	100.0

HOLLAND

A comprehensive workmen's compensation and accident insurance law was passed in Holland, January 2, 1901, which covers accidents in nearly every branch of industry.

Previous legislation had been extremely unfavorable to employes, who had recourse only to the common law, under which it was necessary to prove culpable negligence on the part of the employer to entitle workmen to indemnity. An exception existed in the case of employes of railroads and the marine service; but in other cases it was rarely possible for workingmen to secure compensation. There were, to be sure, a multitude of sickness insurance societies from which a workingman, if a member, might obtain a small measure of relief; but even in such cases, if permanently injured he was soon without an income.

*See page 55.

This condition of affairs aroused such public interest that a royal commission was appointed to formulate a proper measure for workingmen's compensation for industrial accidents. It made its report in 1894, and favored obligatory accident insurance, to be paid for by employers. This bill was withdrawn at the last moment by a change of cabinet. A remodeled bill was presented in 1898, but met with much opposition. Many opposed the state monopoly of this insurance; for, as in Norway, it was to be taken in a state insurance department alone. The measure was defeated. A third attempt was made in 1900 by the government, which brought in a bill modified so as to meet the views of the majority. This became the law of 1901. It is confined to industrial establishments; accident insurance for persons engaged in agriculture, forestry, the marine service and fishing being reserved for later legislation.

While this is, in general, a compulsory insurance law, it allows employers a considerable amount of freedom in the method of insurance. They may insure in any one of the "recognized" mutual or stock companies, in the state insurance department (which must accept all who apply), or they may even be permitted to carry their risks themselves. This last privilege, however, is granted only to those who can give sufficient guarantee to the state insurance department of their ability to meet their obligations arising under the law.

In case of accident, free medical treatment as well as cash indemnity is granted. For temporary incapacity a daily allowance, to the amount of 70 per cent of the wages for a period not to exceed 43 days, is given; and for permanent incapacity, an annuity amounting to 70 per cent of the wages. Should the insurance not be carried in the state department, the capital value of the annuity as determined by the state department must be deposited at once with the latter by the employer or the insurance company. In case of death, burial expenses amounting to thirty times the daily wages are allowed, together with an annuity to the widow, to children or grandchildren (dependent upon the workman) up to their fifteenth year, and to parents, grandparents or parents-in-law (if similarly dependent). The entire annuity to the family, however, must not exceed 60 per cent of the wages. The aver-

age wage of the workman for the last year prior to the accident is taken, but not at less than one guilder (40 cents) nor more than four guilders ($1.60) per diem.

Indemnity is not granted if the accident is due to the wilful act of the injured, and if due to his intoxication, only half of the usual sum is allowed. Disability due to occupational disease is not compensated. Payments are made weekly by mail. To the amount of 260 guilders ($104) per annum, annuities cannot be sold, pledged or seized upon execution. An appeal from the adjustment of any claim may be taken by the claimant, employer or insurance company, either to an arbitration committee appointed by both parties, or to the Central Court of Appeal.

The law provided for a state insurance department called the "Rijksveszekeringsbank," which not only insures all who apply but supervises all private companies. It passes upon all claims against itself, other companies or employes, and pays indemnities and annuities, collecting these in turn from other companies or employers. It receives reports upon all accidents, and must make an annual report of all cases. It has 70 agents, its own staff of physicians, and does business throughout the kingdom by using the post offices as branches, receiving and making payments through the latter.

The state insurance department enjoys certain advantages over private companies. Half the salaries of its officers are paid by the state, and it may, and does, levy assessments on insurance companies for a portion of its running expenses. It has a larger business than any private company. It must, however, accept all who apply, and this, together with the fact that it is not allowed to charge more than a fixed rate which is a mean for all industries, results in adverse selection against it. In Holland, as elsewhere, it has been found that risk of injury and duration of disability are both much greater at older than at younger ages. This susceptibility should, of course, require a higher rate of premium for older workmen; but the department is not permitted to make such a discrimination nor indeed any other. In consequence, better risks go to private companies at correspondingly lower rates. The state department is, therefore, facing a considerable deficit.

Private companies are held to a standard of strict solvency, the state department being empowered to determine the capitalized value of benefits payable by them and to require the companies to make suitable deposits to secure them. Deposits are: (1) 25 per cent of one year's premium, plus three times their mean variation, the policies being valued every five years; and (2) the capital value of annuities. An attempt has been made by using Dutch statistics, which are yet scanty and imperfect, and those of other countries, especially of Germany, to place premiums upon a scientific basis; but it is conceded that this has not as yet been accomplished.

But few employers carry their own risks, and they are usually the smaller and less important. All are compelled to report cases of accident to the state insurance department within twenty-four hours and to deposit with the department the capital value of the annuity as determined by it. As the law went into effect February 1, 1903, it is still too soon to give final

TABLE 5.—TOTAL NUMBER OF ACCIDENTS, COST OF MANAGEMENT AND AMOUNT OF INDEMNITIES PAID, 1903–1905

	1903	1904	1905
	Number	*Number*	*Number*
Total accidents	38,194	49,542	55,523
Number in Amsterdam, Rotterdam and Hague	13,047	17,040	18,343
Number indemnified	35,956	47,984	52,419
EXPENDITURES:			
	Guilders	*Guilders*	*Guilders*
Cost of management	427,804	663,863	973,554
Indemnities:			
Medical services	277,396	494,099	556,247
Temporary disability	485,301	702,392	799,082
Permanent disability	113,700	396,632	587,344
Cost of burial	13,066	12,420	13,747
Annuities to dependents	21,222	72,404	125,760
Other expenditures	..	1,726	3,719
Total indemnities	910,685	1,679,673	2,085,899
Total expenditures	1,338,489	2,343,536	3,059,453
INDEMNITIES PAID BY:			
State insurance department	301,774	529,671	662,761
Mutual and stock companies	550,217	1,061,316	1,329,746
Individual employers	58,694	88,686	93,392
Total	910,685	1,679,673	2,085,899

judgment in regard to it. Radical changes, however, will be necessary in the near future. The figures in Table 5 are taken from the reports of the state insurance bank for the years 1903 to 1905.

Insured establishments on December 31, 1903, numbered 72,933; December 31, 1905, 74,779; and in 1906, 82,129. At the end of 1903, there were 562,808 insured employes, the amount of insurance being 221,787,487 guilders ($88,714,995).

The above statistics would seem to indicate that the new law had not resulted in a reduction of the number of accidents, but the apparent increase is due, in large part, to the fact that they are now more carefully reported. The state insurance department does nothing in the direction of prevention, which is looked after by the factory inspection department; neither does the operation of the law seem to have had much effect in inducing employers to take greater precautions against accidents or to install safety devices.

BELGIUM

In Belgium, a modern employers' liability law has recently been enacted. Before 1905, with the single exception of miners who were protected by the compulsory insurance law of 1868, employes could obtain compensation for industrial accidents only when they could prove that the accident was due to the negligence of the employer.

The new law was enacted December 24, 1903, after spirited parliamentary debate. Repeated demands were made for compulsory insurance of all workingmen. Some advocated the establishment of mutual insurance funds to which both employers and employes should contribute; but none of these ideas were acceptable, and only a workmen's compensation act was passed. It went into effect July 1, 1905, and applies to workmen in all industries, including manufactures, trade and agriculture, also to apprentices and foremen exposed to industrial dangers whose yearly earnings do not exceed 2400 francs ($480). Servants, however, as well as self-employed persons, are not subject to the law.

The indemnity provided for is as follows: In case of temporary incapacity of longer duration than one week, compensa-

tion of not more than half the average daily earnings beginning one day after the accident: in case of permanent incapacity, a yearly compensation varying with the degree of impairment and the average earnings, the maximum being one-half the average earnings.

Three years after an agreement upon the allowance, a revision may be had, but after the expiration of that time the yearly indemnity becomes a life annuity. In addition to this compensation, the employer must, during the first six months of disability, bear the cost of treatment and medicines. Where the accident results fatally, he must pay 75 francs ($15) to cover funeral expenses and, in addition, compensate dependent relatives by an annuity varying with the age of the injured and his wages, the maximum sum being 30 per cent of his yearly earnings. Disputes are settled by justices of the peace or by a commission having summary judicial powers.

Having established liability, the law permits a great deal of freedom. Instead of requiring compulsory insurance, either state or mutual, the law holds employers individually liable. The latter may insure or not, as they will, but they escape liability only if they insure in a Belgian company approved by the state. Such must hold a sufficient reserve to protect all contracts, including the capitalized value of all claims and an adequate premium reserve. There are but few Belgian companies and of these only two or three are large enough to command confidence. These have persistently refused to insure the more hazardous risks, confining their business, at excellent rates, to the very safest classes. In consequence, they have a very low loss rate and have made large profits, indicating that for the classes of risks carried, insurance could be furnished at materially lower rates.

The large foreign companies, especially those of England and France, are more liberal in acceptance of risks. They try to do a safe business but their margins of profit have been much lower. Employers would probably not pay them such large rates as they do the Belgian companies, since insurance in them does not relieve from liability, but merely provides for indemnity. If the company were to fail, the employer would

still be liable. As a result of low rates, these companies have lost money and have been compelled recently to raise their premiums.

A fund to insure those entitled to compensation against the bankruptcy of employers has been established by the state department under the name of the "Guarantee Fund." It is supported by contributions levied upon employers, and has as its aim the payment of accident indemnities when the employer is not able to meet his obligations. The state department of insurance also has authority, in addition to its other insurance activities, already noted, to insure employers against liability. Up to the present, however, it has not done so. It seems inconsistent and undesirable, as has already been said, that an institution which is appealing to the working people as a savings bank, annuity company and life insurance company should appear before them in the rôle of an adjuster of accident claims as well, seeking to pare down demands which they deem just. The part played by the government so far, therefore, is indirect.

Companies have, however, found it to their advantage to relieve themselves from liability by purchasing from the state department an annuity upon the life of the victim. As the amount of annuity thus obtained is considerably larger than that given by private companies when the life is deemed absolutely first class, this procedure is becoming common, except when the expectation of life is greatly impaired by the accident.

One of the private accident insurance companies mentioned above is the "Compagnie Belge d'Assurance Générale sur la Vie," which also writes annuities in cases of accident. Agents are paid 10 per cent commission and 12½ per cent for 10 years' contracts. Government mortality tables are used, and during 1907 the premium receipts amounted to about 300,000 francs ($60,000).

Miners have been subject to compulsory insurance since 1868. They number 130,000, and insurance is effected through sickness insurance associations to which employers and employes both contribute and to which the state and the province give subsidies. Benefits vary according to the by-laws, disputes as to awards being settled by a government commission.

FRANCE

Employers' liability and workmen's compensation for industrial accidents are covered in France by the law of April 9, 1898, and by a series of amendments passed since that date. The law which holds the employer liable and provides for voluntary insurance was a compromise between the demands of the Chamber of Deputies for compulsory insurance and the opposition of the conservative Senate. The result is a mean between the English and the Italian laws. Like the English law, it establishes strict liability of the individual employer, but it excels in requiring greater security for the payment of every possible claim. Unlike the Italian, however, it does not require the employer to insure.

Before this law went into effect, compensation for industrial accidents, with few exceptions, was awarded according to the civil code. Under this, workmen could receive compensation only when they proved negligence on the part of the employer or of his "vice-principal." To improve this situation, there had been established in 1868 a government accident insurance department known as the "Caisse Nationale d'Assurance en Cas d'Accidents." This institution, still in operation, insured employers who applied voluntarily, against their liability for accidents to their workmen which might result in death or permanent invalidity only; temporary injuries were entirely ignored. Premiums in this fund were three, five or eight francs annually per employe. In cases of permanent incapacity, 320 times the premium was paid as compensation. This sum could then be transferred to the old age pension fund, and, by means of a government subvention, an annuity, minimum 150 francs ($30), was given for life. But as the Caisse would not cover injuries resulting in temporary disability, employers were constantly worried by small claims and so refused to insure with the government. As a result, in spite of its many advantages, the fund, after nearly 30 years' continuous existence, showed a total of only 39,654 insured at the close of 1896.

The law of 1898 applies to workmen in all industrial establishments, regardless of the number employed, and provides compensation for all injuries lasting more than four days, upon

the following scale: If the accident results in permanent and total disablement, compensation, paid quarterly, is at the rate of two-thirds the wages; if in permanent partial disablement, at the rate of one-half the diminution in earnings; if in temporary disablement of more than four days, a daily allowance of one-half the wages, such allowance beginning with the fifth day.

Should the accident result in death, compensation takes three forms: (1) The surviving wife or husband receives an annuity of one-fifth the yearly wages of the deceased, payable during life or until remarriage, when a lump sum equal to three times the annuity is paid. (2) The children of the deceased, including illegitimate children recognized before the accident, up to the age of sixteen receive an allowance, payable quarterly, equal to 15 per cent of the yearly earnings if only one child is left, 25 per cent if two, 35 per cent if three, 40 per cent if more than three; but, if children are left without either father or mother alive, then each gets one-fifth of the yearly earnings of the deceased, the total to widow and children, however, not to exceed 60 per cent of the earnings. (3) If no wife, husband or child survive, but there are other relatives dependent on the deceased, each person receives an allowance as specified in the law, the aggregate amount of such allowances not to exceed 30 per cent of the yearly earnings of the deceased. In addition, the employer is required to defray cost of medical attendance and medicines and funeral expenses up to 100 francs ($20). Indemnity, however, is subject to the restriction that, if the yearly wages of the injured workman exceed 2400 francs ($480), he is entitled under the law to full compensation in respect to his earnings up to this sum only; all earnings over 2400 francs ($480) count as one-quarter for the purpose of reckoning his claim for compensation.

An employer may escape liability for the temporary allowances provided for by law and for cost of medical attendance and medicines during a period not exceeding 90 days from the date of the accident, if he has caused his workman to join a society which provides free medical attendance and medicines and a daily allowance in case of accidents; but, in such cases, the employer must pay not less than one-third the total contribution required from members of the society. If the daily allow-

ance paid by such society is less than one-half the daily wage of the workman, the employer must make up the difference.

An employer may also claim exemption, if he contributes an annual sum to a benefit fund for his workmen, established under the law of June 29, 1894, relating to provident and pension funds for mines and quarries, or upon lines similar to those laid down by that law. In either case, the amount and the condition of payment of the contribution must be agreed upon with the members of the fund and approved by the government. An injured person entitled under this law to receive a life annuity may, with the consent of the court, receive a lump sum not exceeding one-fourth of the present value, to use in providing an annuity payable during the joint lives of himself and his surviving wife; or in like manner if a woman is injured; but the total sum for which the employer is liable shall not be increased by any such arrangement.

Notice of every accident by which a workman is disabled must be given by the employer or his representative within 48 hours of its occurrence to the mayor of the arondissement, who must then notify the factory or mines inspector. If the doctor's certificate, which must be sent with the notice of accident, shows that the injury is likely to result in death, or permanent total or permanent partial disablement, the mayor must inform the magistrate, who makes an inquiry to determine who is entitled to compensation and the daily and annual earnings on which it is to be based. Legal proceedings for recovery of compensation must be instituted within one year. If the workman caused the accident by his own culpable negligence, the court may at its discretion reduce the award as a penalty or increase it if the accident is due to the culpable negligence of the employer or his representative.

Under this law claimants against an employer are preferred creditors; the courts may also enforce the claims without costs. Claims for injuries resulting in permanent injury or death, if not duly met by the employer or by the insurance company, society or fund, are paid by the national old age pension fund. To enable this guarantee fund to meet such claims, the industrial license tax upon all industries was increased and a special tax levied

on mines. The fund also recovers all sums paid for any such claim from the employer, company, society or fund, if solvent, with which such employer may have effected an insurance against his liability; it is loser only in event of insolvency of those who are primarily liable, and virtually it guarantees their ability to meet these claims.

All companies, societies or funds undertaking insurance against the employer's liability, are supervised by the government and are bound to hold adequate reserve funds and to give security required by the government. Any agreement to waive this law, as, for instance, to "contract out," is absolutely void. This is especially important since compensation is payable periodically often for long terms and sometimes for life.

Amendments to the law of 1898, providing for its administration and extending its scope, were soon forthcoming. Those of March 22, 1902, and March 31, 1905, determine more clearly the mode of procedure in cases of accident, fix time and place of payment of compensation, and make many improvements in administration, the most important of which is that in regard to medicines, medical attendance and their cost. The injured may under this law choose his physician, the bill to be paid by the employer, who must also pay cost of hospital service whenever necessary. The maximum cost of these items to the employer is fixed at four francs (80 cents) per day in Paris, and three and one-half francs (70 cents) elsewhere. This is in addition to the cash compensation.

To extend the scope of the law, two measures have been passed. The first, of June 30, 1899, extended it to cover accidents caused by the use of agricultural machines driven by mechanical power, the victims being persons engaged directly with the use of such machines, or with the motive power by which they are driven. More important was the second amendment, of April 12, 1906, which extended liability to employers of mercantile classes. Obviously some of their employes—drivers, for instance —are often subject to greater dangers than many engaged in industries.

Aside from the provision made by the amendment of 1899, agricultural workers are still excluded from the benefits of the

workmen's compensation act of France; nor are servants and incidental, so-called "day" laborers protected. In cases of accident to these the civil code still applies; but to avoid litigation, an amendment was passed in July, 1907, empowering employers voluntarily to accept the provisions of the workmen's compensation act for them also. This measure clearly presages further extension.

The French law clearly puts more emphasis on compensation than on insurance. Employers, except miners and ship-owners, are not compelled to insure, though encouraged by the law to do so, and only the very imprudent or the very rich carry their own risks. To cover the insurance there were operating in 1907, 18 mutual societies, 18 French companies, 6 foreign companies, and 12 establishment and industry funds.

It is estimated that at present over 70 per cent of all workingmen entitled to compensation under the act are covered by insurance which as early as 1901 represented an aggregate payroll of 2,828,500,000 francs ($565,700,000). In 1906, even before the extension to mercantile establishments, the payroll of insured rose to 3,615,000,000 francs ($723,000,000). This increase is much larger proportionately than either the increase in wages or in population, and indicates clearly an extension of the operations of the companies.

Insurance was distributed as follows:

TABLE 6.—PERCENTAGE DISTRIBUTION OF ACCIDENT INSURANCE BY KIND OF COMPANY, 1901 AND 1906

	1901 *Per cent*	1906 *Per cent*
In stock companies	78.7	71.0
In mutual companies	21.0	22.3
In associations of employers	0.3	6.7
	100.0	100.0

The total amount paid to workmen and dependents by insurance companies and societies was, in 1905, 2,500,000 francs ($500,000), in 1906, 3,204,000 francs ($640,000), and in 1907, 3,250,000 francs ($650,000). The stock companies paid 59 per cent of the entire sum. This remarkable increase in the amount

of insurance and of indemnities has not been a great drain on industry, as the following ratios of premium receipts to payrolls show.

TABLE 7.—RATIO OF PREMIUM RECEIPTS TO PAYROLLS, IN INSURANCE COMPANIES AND SOCIETIES, 1901–1906

Year	*Per cent*
1901	1.53
1902	1.68
1903	1.51
1904	1.49
1905	1.72
1906	1.85

Rates, it will be observed, have somewhat increased; but they are clearly still comparatively low. The business has not so far been profitable. All the companies and societies are subject to supervision by the government, and, with the exception of the associations of employers, must make deposits with the state. The supervision has been careful and only one company has proved insolvent in many years. Rates are practically uniform, and the companies all do about the same sort of business, seeking good risks and declining or penalizing poor ones. They work through agents at 10 per cent commission, the expenses of one of the largest French companies, "L'Abeille," having ranged from 18 per cent to 20 per cent of premium receipts; others average about 22 per cent.

Establishment and industry funds, though possessing yet but a small proportion of the total business, are developing rapidly, having been given a strong impetus by the law of 1906. They are composed of employers of the same or allied industries, and therefore can carry on their business without commissions to agents or large management expenses. They have, moreover, excellent, technical information concerning the causes of accidents, and by enforcing strict rules, are able to reduce their losses very materially.

About 30 per cent of the employes entitled to the benefits under the act though not insured by their employers, are not left unprotected. The National Guarantee Fund pays their indemnities if the employer fails to do so. The following figures show the growth of this fund:

TABLE 8.—INCOME AND EXPENDITURES OF THE NATIONAL GUARANTEE FUND, 1905–1906

Year	*Income* (*Francs*)	*Expenditures* (*Francs*)
1905	1,556,428	901.829
1906	1,859,053	743,988

The official reports give the number of accidents, their distribution in the various industries, and the nature of the resulting injuries as follows:

TABLE 9.—NUMBER OF ACCIDENTS IN 24 CLASSES OF INDUSTRIES AND OCCUPATIONS, 1903–1906

Industries and occupations	1903	1904	1905	1906
1. Fisheries (industrial)	86	92	118	114
2. Forestry (industrial)	3,359	2,932	2,880	2,714
3. Subsidiary mining trades	220	346	303	385
4. Food stuff industries	13,159	13,374	15,276	17,091
5. Chemical industries	9,575	10,466	13,039	15,643
6. Paper industries	3,330	3,608	4,491	5,633
7. Book-printing, etc.	1,859	2,054	2,455	2,737
8. Textile industries, proper	14,618	14,481	16,537	20,419
9. Cloth and clothing industries	1,678	1,721	2,197	2,633
10. Straw, feather, horsehair industries	218	170	177	250
11. Skin and leather industries	3,072	3,102	3,697	4,295
12. Wood industry	15,470	15,540	17,962	20,034
13. Metal industry, metallurgy	15,750	17,466	22,001	26,676
14. Rough metal works	42,955	45,688	54,796	67,012
15. Precious metal works	321	310	367	429
16. Precious stones	57	34	30	41
17. Stone cutting and grinding industries	969	1,001	1,084	1,216
18. Stone and earth construction	29,889	29,030	33,750	38,786
19. Pottery	8,360	8,564	9,939	12,445
20. Warehouse and traffic	32,215	34,330	38,492	44,959
21. Trade	12,935	15,284	17,218	19,835
22. Liberal professions	86	84	138	123
23. Personal servants	152	141	151	223
24. Governmental and dept. servants	2,420	5,306	2,784	3,167
Total	212,753	222,124	259,882	306,860

Of the 306,860 reported accidents for the year 1906, there were 1,499 fatal accidents; 4,655 resulting in permanent incapacity; 296,339 resulting in temporary incapacity; and 4,367 of which the consequences were unknown.

In the mines and quarries, and mines alone, the following conditions prevailed:

TABLE 10.—FATALITIES AND INJURIES IN MINES AND QUARRIES, 1901–1906

Year	Mines and Quarries		Mines Alone	
	Fatalities	*Injuries*	*Fatalities*	*Injuries*
1901 . . .	361	32,765	198	29,714
1902 . . .	353	29,332	180	22,613
1903 . . .	359	30,377	170	23,404
1904 . . .	378	30,614	184	23,842
1905 . . .	360	33,136	182	25,428
1906 . . .	1,452	37,890	1,280	29,270

Of every 1000 workmen in the coal mines, there were in 1904, 139.77 injured or killed; in 1905, 146.28; and in 1906, 171.22.

A remarkable increase in the number of accidents is seen here, especially of cases of temporary incapacity and of permanent partial incapacity. The increase cannot be ascribed in any large degree to simulation, for the injured are not members of mutual sickness insurance societies from which they would receive additional benefits under the law. It is not to the interest of the workman to simulate, and those directly in charge explain this increase on other grounds. According to them, it is due to the greater effectiveness of the law which now requires employers to report all accidents. Some simulation, however, must exist, in the form of unnecessary extension of the period of invalidity. Another cause of complaint on the part of employers relates to the enormous increase in the aggregate cost of medical assistance and medicines. Under the law, the injured has the choice of physicians, the fees fixed by law to be paid by his employer. In 1901, the cost aggregated 5,500,000 francs ($1,100,000). In 1906, this sum had risen to 10,500,000 francs ($2,100,000), an increase of 94 per cent, although the payrolls increased only 28 per cent. This growth in the cost of medical assistance and medicines is especially great in the towns, occasioned by unnecessary multiplication of the number of professional visits or treatments. It has therefore been suggested as a remedy for this apparent abuse, that the free choice of physicians be discontinued.

At present, all these difficulties in the operation of the accident law are the subject of proposed regulation and constitute a

center of legislative interest in France, the most important matter under discussion being the extension of the law to agricultural laborers. A commission appointed in 1904 reported a bill granting them compensation, which was accepted by the government and reported in the Chamber in November, 1906. The opposition was so strong, however, that it was deemed advisable to withdraw the bill. A similar measure has again been presented, together with provisions proposing to extend the law of 1898 to certain classes of government employes. This is now under consideration.

The government has, since 1898, singled out seamen for special legislative protection against accidents and sickness incidental to their work. Even before that date, they received compensation under a special trade statute more liberal than the civil code, which gave the injured free medical attention, full wages for a period up to four months, and cost of transportation home. The uncertainties of litigation were very unsatisfactory, however, and as a result, the law of 1898 was passed which established the "Caisse de Prévoyance des Marins Français contre les Risques et Accidents de leur Profession," a state fund for insuring sailors. This fund is sustained by contributions of employers and employes, gifts and legacies, grants of various sorts and advances by the state, free of interest. Contributions of seamen are compulsory and consist of small deductions from their wages, shipowners paying an amount equal to the aggregate contributed by their respective crews. Benefits are given for temporary incapacity and for permanent total disability. In addition, provision is made for the widow during widowhood as well as for orphans during their minority.

This law satisfied nobody, and a commission was appointed to study the question anew. As a result, a bill was presented to the Chamber July 5, 1905, which was accepted without debate and became a law in December, 1905. According to its provisions sailors, as well as other seafaring persons (including physicians, stewards, cooks, etc.), from the age of ten are compulsorily insured with the fund. As before, the fund receives contributions from employers and employed, and, in addition to other subventions from various private and governmental sources, receives 4 per cent of the subsidies to the merchant marine and

one-half of one per cent of the letting price of contracts for building war vessels. Contributions of employes vary from 1 per cent of their salary, in the case of officers, to a few centimes monthly for the younger sailors. Vessel owners must pay 3½ per cent upon their respective payrolls.

Under this law compensation granted to sailors in case of accident is much higher than that accorded by the statute of 1898. Injuries resulting in permanent incapacity call for a life annuity of half the usual wages, not less than 200 francs ($40) nor more than 300 francs ($60) per annum, and those causing permanent partial incapacity, for a sum not to exceed thirteen-twentieths of the amount which would be paid for permanent total disability. Temporary incapacity is remunerated for each day up to four months and if the case warrants, for succeeding periods of six months until complete recovery or the establishment of permanent disability. The widow continues to receive compensation though she remarries. The law grants no compensation to the children so long as the widow survives, but makes additions to her annuity of 50 francs ($10) per annum for each child under sixteen. Should the widow die, her pension goes to the orphans until they reach the age of sixteen. Dependent parents over sixty years of age receive an annuity equal to half that to which the widow is entitled.

This measure deals most liberally with the 249,000 seamen under its protection. As might be expected, the cost has much more than doubled. Under the old law, 540,528 francs ($108,106) were expended yearly, while under the new, the sum rose in 1906 to 1,634,375 francs ($326,875) not including the cost of per diem benefits during temporary disability. It is therefore expected that this measure, attractive as it is in many features, will lead to a very large deficiency.

SWITZERLAND

Despite the advanced character of its legislation along many important lines, Switzerland has as yet no developed and progressive workingmen's insurance laws in operation. A measure, however, is now almost ready for final approval. This combines accident

and sickness insurance and is the result of continuous effort on the part of the government for more than a quarter of a century.

Yet Switzerland was one of the first countries in Europe to adopt the theory of compensation of workmen for industrial accidents, instead of the theory of liability of employers for negligence only. As early as 1875, a federal law imposed upon railroad and steamship companies, liability for accidents to employes, even if such were not due to the employer's negligence. Further improvements in this direction affecting transportation companies were made in 1878, 1889 and 1897, and a final revision and extension in 1905.

The same fundamental idea was expressed in the law of March 23, 1877, regarding work in factories, and was confirmed and extended by the law of June 25, 1881. That of April 26, 1887, extended previous enactments to cover other industries, particularly building, transportation, general contracting, railways, street and bridge operations, mines and quarries. The law of April 5, 1894, applied the principle to the postal service, and that of June 24, 1902, to certain specified industries, among which is electrical installation. All manufactories in which accidents are likely to occur are included. Compensation in event of death comprises cost of medical treatment and medicines, loss of time due either to complete or partial incapacity of the injured prior to his decease, expense of burial and a benefit to dependents. In case of injuries or sickness caused by occupation, the employer must pay the charges of medical treatment and medicines during partial or complete incapacity. Maximum compensation for the above must not exceed six times the yearly earnings, or 6000 francs ($1,200). Useful as was this liability law, it had for a long time appeared to the Federal Assembly that a uniform and comprehensive accident insurance scheme for workingmen was needed. Nothing was done, however, until March, 1885, when the Federal Council was instructed by the Assembly to prepare a report and a bill for the introduction of general, obligatory, state accident insurance of workingmen.

This request led to the bill of 1898 which covered sickness and accident and created a single accident insurance institution for the entire country. The chief provisions for accident insurance

made all workmen subject to compulsory insurance, premiums to be paid by their employers. Workmen were also to be obliged to carry sickness insurance. The latter might, however, also insure themselves voluntarily if they were members of private sickness insurance societies. In case of temporary incapacity, workmen were to receive medical treatment and sick benefits; in case of permanent incapacity an annuity of 60 per cent of their wages, and in event of death, a funeral benefit of from 20 francs to 40 francs ($4.00 to $8.00) was to be paid and a pension to the dependents, the aggregate not to exceed 50 per cent of the wages. Premiums were regulated according to the risk involved in the occupation and the amount of the payroll. The state was to contribute one-fifth of the total cost; the remainder to be paid by the employer, who might deduct one-fourth of his share of the cost (namely, one-fifth of the whole) from the wages of his employes.

This bill was adopted by the Assembly October 5, 1899; but as it rather ruthlessly rode over the existing sickness insurance societies * in an attempt to bring about what was virtually a state monopoly of this form of insurance, it was rejected by an overwhelming vote on a referendum. The sole provision for industrial accidents at the present time is therefore contained in the various liability laws already referred to.† The following table shows their operation in the different industries.

TABLE 11.—NUMBER EMPLOYED, ACCIDENTS AND COMPENSATION PAID IN FACTORIES AND TRADES, 1888–1902

Year	*Number Employed in Factories and Trades*	ACCIDENTS			*Aggregate Compensation Paid (Francs)*
		Factories	*Trades*	*Total*	
1888	157,359	4,071	1,958	6,029	835,519.70
1890	169,999	5,501	4,428	9,929	1,507,461.80
1892	188,183	7,459	6,052	13,511	1,850,498.69
1894	196,481	8,442	6,241	14,683	2,148,601.87
1896	207,045	10,554	8,234	18,788	2,845,108.87
1898	212,618	12,387	9,117	21,504	3,366,611.71
1899	240,978	12,861	10,265	23,126	4,037,748.09
1900	242,791	12,495	10,490	22,985	3,696,171.79
1901	242,534	12,069	10,805	22,784	3,826,778.41
1902	247,510	11,972	11,085	23,057	3,629,623.24

* For fuller details see Sickness Insurance in Switzerland, page 216.

† The latest information on the subject, received too late to be used here, will be found in Appendix III.

No further move toward insurance of workingmen was made until 1906, when a special commission was appointed to study the question. Its report forms the insurance scheme now before the Federal Council which it is believed will be enacted into law.

It is important to note that this measure, which was drafted after an exhaustive study of the systems in operation in the other European countries, is fashioned chiefly upon that of Austria. Because of the small size of the country and the small number of workers in the several industries, the German type of mutual association of employers in similar trades, "Berufsgenossenschaften," was discarded, and in its place it is planned to establish a central insurance department monopolistic in character, to which, as in Austria, both the employers and employes shall contribute. Switzerland has, however, gone beyond all countries in recognizing the obligation of the state itself, and in the new bill proposes that the government shall contribute an amount equal to one-half of one per cent of the total wages of the insured. The remainder of the cost is to be borne, three-fourths by the employer and one-fourth by the employes.

Definite reasons were assigned for requiring employes to contribute, the most important being that the insurance is to cover not only industrial accidents but all others. Debates over this point in the lower house were long and frequently acrimonious. Eventually the bill was amended so as to satisfy all parties, by incorporating the following provision: If the proportion of non-industrial accidents to industrial accidents proves to be larger than the proportion of the combined contributions of workingmen and government, the Federal Council may, with the consent of the Assembly, increase the contribution of workingmen or reduce benefits granted for non-industrial accidents. It was estimated at the time the bill was debated that non-industrial accidents would amount to about 13 per cent of the whole number and call for about 18 per cent of the total benefits.

The bill provides for the creation of a state accident insurance department, with headquarters in Lucerne, the manager to be chosen by the Federal Council on recommendation of the administrative council of the department. This latter council is to be composed of sixteen representatives of employers, six

of workingmen, and eight of the Federal Assembly, each elected for six years; provision is also made for representation of persons who may insure themselves voluntarily. The representatives of the voluntarily insured, however, under no circumstances may exceed one-third the total membership of the administrative council.

The measure seeks to bring about the greatest possible co-operation between employers and workingmen, and a clause provides that trade unions and similar organizations may be called upon for advice in the selection of the council, as to preventive measures against accidents, in fixing premiums, and in thoroughly systematizing the voluntary insurance scheme. Nor has the Assembly been half-hearted in furnishing adequate support to make the department efficient. The bill provides for an appropriation of 10,000,000 francs ($2,000,000) on the part of the government, of which 7,000,000 francs ($1,400,000) are to be permanently invested, the proceeds to be used for administrative purposes. The remaining 3,000,000 francs ($600,000) form a nucleus for a reserve fund, of which a maximum of 1,000,000 francs ($200,000) a year may be used to meet deficiencies. Should the reserve fund at any time fall below 3,000,000 francs ($600,000) any surplus in the fund for administration expenses may be transferred to the reserve. The bill provides, also, that the government shall pay the expenses of organizing the department and shall annually, out of the budget, meet one-fourth of the administration expenses. The department will also be relieved from dues and taxes of every kind, use of the mails and post-checks being placed at its service without charge.

The most novel and radical feature of the measure, however, is the use the department may make of sickness societies as its agencies. It is authorized to contract with these to carry on its work within the limits of their respective activities. They may, for example, collect premiums, pay benefits, and exercise general supervision over all accident cases; they are to be reimbursed for their expenses by the department out of the premiums collected and, in addition, are to receive compensation for their services. The department may also arrange with the societies for reinsurance of its risks in accident cases when incapacity or invalidity does not last longer than six weeks. Any

loss which the sickness societies may suffer during the early years by reason of such reinsurance is made good by the department.

Through this co-operation of the department and the societies, it is believed that simulation and collection of double benefits will be prevented, and the administration of the details of the insurance scheme be placed where in all probability it can best be handled. To avoid malingering as far as possible it is provided that if the insured receives benefits from several sources the total amount shall not exceed his average wage. The difficulties that have arisen in England, where no connection exists between the friendly societies and the insurance companies making awards under the Workmen's Compensation Act, will thus be overcome.

In establishing the central insurance department, consideration was given to the feasibility of making use of private accident insurance companies doing business in Switzerland. It was feared, however, that if option was given to the employer to insure in the state department or in a private company, the latter would accept only the good risks and the state be compelled to carry all the doubtful ones. The Assembly therefore decided that accident insurance must be compulsory and be carried on by the state itself. Insurance will be required of the following classes of workingmen: employes of railways, steamships, the post office, industries coming under the law of March 23, 1877, and the manufacture of explosives. It will also be compulsory in the following occupations if more than five workmen are employed: building trades, transportation, shipping, construction and repair of telephones, telegraphy, machinery, general contracting and tunnelling, mines, quarries, and the building of streets, bridges, water mains, sewers, etc. In all of these occupations not only adult workmen but apprentices are included. Insurance takes effect on the day of employment, the right to it not being interrupted if the workman is temporarily engaged with a Swiss employer in another country.

Broad powers are vested in the department. It is given authority to set up tables of premiums for the various industries included in the bill. It may require the employer to pay premiums in advance on the basis of his payroll during the

previous year, the same to be readjusted at the end of the year; may establish rules and regulations for the prevention of accidents, binding on the employer, and may also require him to introduce safety devices. To assist the department in this work, the Federal Council will arrange for the co-operation of federal factory inspectors. In setting up the tariffs of premiums, which are based on the payroll and may be varied from year to year if experience justifies it, the department may divide the various industries into definite danger classes with subdivisions within the same danger class, according to the inherent risk. Contributions of the employes are to be made through the employer by deductions from wages.

As has been said, the department is to insure against all accidents resulting in disability, permanent invalidity or death, whether due to employment or not. The insured or his family is required to give his employer immediate notice of an accident, and the employer is to notify the department. The insured is entitled to medical treatment and medicines from the day of accident, to free medical appliances, and to all other means of cure, including even cost of transportation. Benefits amounting to 80 per cent of the daily wage—the largest percentage allowed in any European country—are to be paid from the third day of injury unless invalidity lasts longer than three weeks, when benefits will be paid from the day of accident.

It is of interest to note that the injured workman is given the right to free choice of any physician licensed under the Swiss law. The free choice of physician has been much discussed in countries where there is compulsory sickness and accident insurance, and it is still one of the most vexed questions in the administration of these laws. France is on the point of withdrawing this privilege, but Switzerland has taken the attitude that the individual has the right to choose. The department is empowered to set up fees which the physician may charge, and it will not be responsible for anything in excess of these rates. The names of all physicians willing to render professional services at the prescribed fees will be published. If, after continued treatment, there is no apparent improvement in the condition of the injured person and he remains permanently incapaci-

tated, the ordinary benefits cease. He then receives an invalidity pension, amounting, in case of complete permanent incapacity, to 70 per cent of his yearly earnings. The granting of this pension may be reviewed within a period of three years to determine whether it may not be possible to reduce or even to withdraw it; after this period, such a review is no longer permitted.

In case of death resulting from accident, the department pays the cost of burial, and, in addition, provides pensions for the heirs, the aggregate not to exceed 60 per cent of the average yearly wages. Pensions are as follows: to the widow until her death or re-marriage 30 per cent, or to the widower, in case he is permanently incapacitated or should become so within five years after the death of his wife, 20 per cent until his death or re-marriage; to each legitimate surviving child 15 per cent and if the other parent is dead or dies, 25 per cent, continuing until the sixteenth year, or, if the child is permanently incapacitated, until seventy years from the birth of the insured. Provision is also made for relatives in the ascending line, if they are unable to support themselves, and for dependent brothers and sisters until they reach their sixteenth year. These two groups of heirs may together receive an aggregate not exceeding 20 per cent of the average yearly wage.

Accidents caused by the wilful act of the insured do not entitle him to benefits, except in fatal cases, when the cost of burial is allowed; and the amount may be reduced where gross carelessness on the part of the insured has been demonstrated. Attempts to secure a benefit by fraud constitute a misdemeanor punishable by a fine. In case of permanent incapacity a pension is given during invalidity. Where the physical condition of the person may be improved, however, the pension may be capitalized and the amount paid outright.

The department is authorized to grant accident insurance to the following, not included in the compulsory clause, who are at least fourteen years old, have been residents of Switzerland for at least one year, and whose incomes do not exceed 3000 francs ($600) a year: employes and workmen in agriculture and forestry, small trades, commerce, hotels, home work, domestic service and ordinary day labor, and others engaged in these

industries not as employes or workmen, or if their employes and workmen are insured in the department. To encourage the voluntary insurance of these, the government will contribute towards their premiums one-half of one per cent of their respective wages. In addition, the right is given to every citizen of Switzerland who has passed his fourteenth year, irrespective of income, to insure himself against accident in the department, without, however, being able to call upon the government for a contribution.

At the present time 428,000 workingmen are entitled to benefits under the liability laws. With the passage of the above compulsory insurance measure, the number covered will be at least 600,000, or about 19 per cent of the population. At an average wage of 1200 francs per annum ($240) this would make a total payroll of 720,000,000 francs ($144,000,000). The average net premium is estimated at 2.83 per cent of the payrolls, and management expenses at 0.33 per cent additional. The total premium, therefore, is estimated at 3.16 per cent. The expenses of accident insurance will then be distributed as follows:

TABLE 12.—ESTIMATED TOTAL AND DISTRIBUTION OF EXPENDITURE FOR ACCIDENT INSURANCE

	Total Expenditures (Francs)	*Per cent of Total*	*Per Cent of Wages*
Government	3,600,000	16	0.50
Employers	14,364,000	63	2.00
Workingmen	4,788,000	21	0.66
Total	22,752,000	100	3.16

The government also defrays the cost of the insurance tribunals, which it is estimated will amount to 91,000 francs ($18,200). It is estimated that its annual expenditure on account of both sickness and accident insurance will reach a total of 8,191,000 francs ($1,638,200).

ITALY

Italy for the first time recognized the principle of workmen's compensation for industrial accidents in 1898, when a compulsory accident insurance law was passed. Until that year, industrial accidents like other damages were subject to the civil

code, and compensation could be recovered only on the presentation of proof of negligence on the part of the employer. The rapidly developing industrial life of the country, however, had made it clear that this provision was entirely inadequate, and to relieve the situation, what is known as the "Cassa Nazionale di Assicurazione per gli Infortuni degli Operai sul Lavoro," or the National Accident Insurance Fund, was established in 1883. The creation of this institution was the result of an agreement between the Minister of Agriculture, Industry and Commerce, and the representatives of ten of the most important savings banks, who thus hoped to supply a cheaper form of insurance to employers, and to give employes protection against industrial accidents to a greater extent than was possible under the civil law or under such arrangements for insurance as then existed.

This institution is not a state department. It is conducted by the savings banks already referred to and was simply recognized by the government as its official agent, which placed at its disposal the services of postal savings banks and officials of the communes, to make collections and disbursements. Following the same policy, the internal organization of the bank was regulated by law, the government reserving the right to review its rules and regulations and revise its rates every five years. On the other hand, the administration was autonomous, and insurance in it purely voluntary, there being no compulsion upon either employer or employe. The National Accident Insurance Fund was, therefore, from its very beginning, similar in its operations to an ordinary insurance company. It was able, however, to make much lower rates for the reason that the savings banks which founded it did not expect a profit, and because expenses of management, through the co-operation of the post office and the communes and through the removal of the stamp tax, were much reduced.

In general, the purpose of the fund is to insure workingmen against industrial accidents which result in either death, total or partial incapacity, or temporary disability lasting longer than four weeks. Since 1887, this period has been reduced to five days. Three forms of insurance are offered: (1) insurance taken out by an individual workingman; (2) collective insurance,

under which contracts are made by employers, mutual aid societies (Societa di Mutuo Soccorso), or by others to cover an entire group; (3) collective insurance, covering not only insurance of workingmen against accidents, but the liability of the employer under the law, paid for by employers or by both employers and employes.

Insurance benefits are granted by payment of a single amount or, at the request of the injured workman, may be converted into an annuity, payable for a definite period of time, or throughout life. In case of death, the amount paid is not to exceed 10,000 lire ($2,000); for total and permanent disability the sum is the same as would be paid in case of death; for permanent, partial incapacity, it is proportionate to the degree of impairment and to the sum payable in case of total disability; for temporary disability, daily benefit as promised in the policy, for a period not to exceed 360 days. As a rule, the amount payable at death or in event of total and permanent incapacity is 1000 lire ($200) and the daily benefit in cases of temporary disability one lira (20 cents).

The development of this fund, notwithstanding the many attempts made by the government and by its honorary members to forward it, was not encouraging. In 1897, there were only 4311 policies, covering 162,855 workmen, the same reason for small numbers having prevailed here as in France; namely, that insurance was voluntary and that, under such a system, those who need it most are, as a rule, precisely those who do not apply for it.

To remove difficulties, reduce the expense of prosecutions for damages under the civil code, and to supplement the act of 1883, the compulsory insurance law of 1898 was passed. This, however, was not easily accomplished. Ingrained in the Latin people is the idea of personal, rather than state, responsibility; and it was extremely difficult to overcome this conception and substitute the principle underlying the laws of Germany and other countries. Since 1879, commission after commission had been appointed and bills reported, varying greatly, but all centered around the idea of transferring the burden of proof from employe to employer, some of the later measures even pro-

posing to establish a system of compulsory insurance. All proved unacceptable.

After the passage of the German law of 1884, the conviction that industry should bear the burden of accidents occurring in it influenced the recommendations of all Italian commissions. The legislature, however, contended that the employer's sense of personal responsibility would thus be diminished, and industry too heavily burdened. This was shown, however, to be untenable. In the National Accident Insurance Fund the average yearly premium was 3.87 lire (77 cents) per workingman insured, and the new tariff proposed to increase this premium to only six lire ($1.20). An increase of two centimes per working day per man (about four-tenths of a cent) would not materially burden industry, particularly as the state's experience demonstrated that the total cost for accidents would not be more than 2 per cent of the wages.

This argument, together with the poor record shown by the National Accident Insurance Fund, led the way in 1897 to the compulsory insurance law that was enacted in 1898. Like the German and Austrian laws it included mining, quarrying, the manufacture of gas, electricity, explosives, etc.; in fact all industries in which machines are used and where more than five workmen are employed. It includes all workmen and laborers in these industries, together with apprentices, with wages not exceeding seven lire per day ($1.40). Farmers, foresters, sailors, merchants, home-workers, and small tradesmen, are not included. It was assumed that from 1,500,000 to 1,750,000 of the 2,000,000 industrial wage-earners would come under the law, and that the total insurance premiums would amount to 10,000,000 lire ($2,000,000) per annum. Insurance is paid for by the employer, and covers all industrial accidents if disability endures beyond five days. It was not deemed advisable to make this period longer for the reason that there was no compulsory sickness insurance in Italy, and delayed compensation would leave the injured uncared for.

The value of the indemnity to be paid in case of total and permanent invalidity continuing after three months, is five times the annual wages, but not to exceed 3000 lire ($600). In exceptional cases, this indemnity is paid in one lump sum, but usually

in the form of a pension. In cases of permanent partial disability, five times the amount of impairment of yearly earning power is granted, and for temporary complete disability, benefits equal to half the average wage earned during the five preceding weeks; for temporary partial disability, an equivalent of half the impairment of earning power based upon such average wages, and in case of death by industrial accident, a sum equal to five times the yearly wages, is paid dependents. In addition to these provisions, the employer must pay for immediate medical attendance and medicines. In event of an award for permanent disability, the workingman, the employer, or the insurance company may ask after two years for a re-examination, to determine whether disability payments should be continued, and if continued, should be increased or diminished.

Insurance of employes is compulsory; but considerable latitude is granted employers as to the company in which they shall insure the workmen. This may be with the National Accident Insurance Fund, described above, with any insurance company authorized to carry on business in Italy and subject to special regulations of the government, or in private accident insurance funds, established at their own cost. The latter funds must provide for the insurance of more than 500 workingmen, be approved by the government, and supply benefits at least as great as those under the law; and the employer must deposit with the treasury securities issued or guaranteed by the state, to the value of not less than five times the annual premium which would have been payable to the National Accident Insurance Fund had the workmen been insured with it. Should any such private fund fail to meet its obligations, the employer remains responsible.

The act also exempts from obligation to insure elsewhere those employers who join to form a mutual insurance society, if the number of workingmen insured in such society is not less than 4000. It must be officially approved, and the security deposited be equivalent to 10 lire ($2.00) for each workman employed, but not exceeding 500,000 lire ($100,000). Upon its formation its members must pay into it an amount equal to one-half the premiums which would have been paid had the workmen been insured with the National Accident Insurance Fund;

and at the beginning of every subsequent year they must pay in advance annual premiums, the amounts of which are determined on the basis of claims upon the society in the preceding year. Members of such a mutual society are jointly and severally liable for all claims against the society, and all contributions due from them are recoverable summarily by the same means as taxes.

It was not long before another important extension of the accident law was made. In 1901, the government presented to the House of Deputies a measure, the purpose of which was to widen the scope of the law of 1898, improve its practical workings and increase compensation. The new statute was passed in 1903 and went into effect one year later. The important changes introduced by it were as follows: In case of permanent total incapacity, the present value of the indemnity was fixed at six times the yearly wages, instead of five times, as in the law of 1898, the minimum sum now being 3000 lire ($600) and the maximum 12,000 lire ($2,400), besides a compensation of one-half the daily wages for the first 90 days after the accident, In case of permanent, partial incapacity, a proportionate daily allowance was given for 90 days, and six times the present value of the impairment in earning power, the minimum being 500 lire ($100). Compensation for all disabilities lasting more than five days begins from the first day.

The law was also extended to cover accidents to seamen, compensation for which, however, is based on a somewhat modified schedule. In case of permanent and total disability, they receive indemnities to the value of four times the yearly wages, minimum sum 2000 lire ($400); in case of permanent partial disability, compensation to the value of four times the difference in wages, minimum 500 lire ($100). In case of death, three times the yearly wages is paid in one sum to dependents.

Another section empowers the government to establish compulsory insurance societies in particular cases if the nature of the trade or other peculiar local conditions make it necessary to better insure the carrying out of the purpose of the law. Each such compulsory society must embrace at least 15,000 workmen. This section was passed in order to provide for local conditions prevailing in the sulphur mines of Sicily, and soon after

its passage such a society, composed of 900 employers and 40,000 workmen engaged in the sulphur industry, was formed. Another similar society was organized to protect seamen and fishermen of the southern provinces of the mainland.

At the adoption of the above law in 1903, a joint resolution was passed in Parliament requesting the administration to propose a measure for the settlement of disputes arising out of disagreements for compensation for industrial accidents. As a result a bill now before Parliament was proposed on March 13, 1908, the underlying idea of which is, that as nearly all disputes which arise are of a technical nature either with reference to conditions under which the accident took place or to the degree of impairment, a commission of arbitration shall be organized composed of a judge, a physician and an engineer whose duty it shall be to hear such disputes. Proceedings before a commission will be less formal than before the courts and more summary.

The figures in Table 13, page 88, represent the latest obtainable data on accident insurance in Italy.

The problem of the prevention of accidents has developed an interesting situation in Italy. From Table 13 (item 3) it is clear that in operation neither the Workmen's Compensation Act nor the sickness insurance societies, have done much to prevent accidents. The law of 1898 placed this important matter in the hands of the Minister of Agriculture, Industry and Commerce. Upon the recommendation of employers and factory officials, he was to prescribe the necessary rules and, after acceptance of them, it was his duty to oversee their proper enforcement. As government factory inspection had, until then, been confined entirely to mining, he was permitted to make use of the technical personnel of societies and accident insurance companies for the prevention of accidents.

This law was practically a compromise between two opposing factions in Parliament, one contending that the entire question of accident prevention should be a matter for the state; the other, that it should be left to individual initiative and insurance companies. As a result a most interesting institution has been developed. This is a mutual organization of employers for the prevention of accidents and the introduction of safety

TABLE 13.—STATISTICS OF ACCIDENT INSURANCE, 1903–1905, AND OF THE NATIONAL ACCIDENT FUND, 1903–1906

	Accident Statistics			*National Accident Fund Alone*			
	1903	1904	1905	1903	1904	1905	1906
Premiums paid during the year (*Lire*)	7,748,038	13,779,801	16,341,907	4,260,832	6,317,354	5,811,926	6,447,094
Compensation paid for accidents during year (*Lire*)	6,668,126	10,111,770	13,257,677	3,924,643	4,790,520	5,105,610	6,798,269
Number of accidents during year . .	73,704	121,654	156,215	45,372	53,228	54,315	66,077
Average compensation per accident (*Lire*)	90.47	83.12	84.87	86.50	90.00	94.00	89.96
Compensation per 100 lire of premiums (*Lire*)	86.06	73.38	81.13	92.19	75.83	87.85	89.92
Annual wages of insured workmen (*Lire*)	143,706,977	188,332,684	233,176,438	..	..	..	..
Number of injured per 1000 insured	72	95	105	108	144	145	162
Average premium per 1000 lire of wages (*Lire*)	7.96	13.75	19.10	..	..	..	..
Average premium per insured workman (*Lire*)	6.66	10.11	10.45	10.15	17.05	15.54	15.81
Approximate number of insured workmen	1,163,563	1,363,129	1,563,659	..	..	..	..

devices. It is called the "Associazone degli Industriali d'Italia per Prevenire gli Infortuni de Lavoro" and its headquarters are at Milan. It is said to have been more effectual in causing employers to introduce means of prevention than all other influences combined. Its inspections are extremely thorough and the state accepts its reports in substitution for its own inspections.

The society issues no insurance, but as a result of its activities employers are often able to secure reductions of rates. Some mutual insurance companies require their policy holders to belong to this association and to conform to its regulations. It seems probable, judging from the German experience, that had this organization been utilized as a means for the obligatory insurance of employers, encouragement of prevention would have been increased, as such a company through its insurance would acquire practical and certain knowledge of the financial consequences of neglect.

Reference must be made to the large amount of simulation and malingering said to prevail in Italy under the accident insurance law. This method of fraud had become so extensive, especially in connection with the sulphur industry in Sicily, that special legislation was found necessary to check it. In consequence, a tendency toward compulsory insurance of all workingmen is unquestionably growing throughout the country. It is generally believed that, should such a law be passed, sickness societies would be employed as the means of carrying on this insurance. Labor unions would be satisfied with such a measure if employers were compelled to pay all the premiums; possibly they might be, even though compulsory contributions from employes were called for also. Little is to be expected from the unions, however, as in Italy they are mainly political in character.

GERMANY

The most striking fact in the remarkable industrial advance made by Germany during the last half century is the improved condition of the great body of its working people. On all sides are evidences of greater effectiveness, contentment and prosperity. Many causes have undoubtedly contributed to this end,

but perhaps the most important has been the fostering care of the government. It has met the requirements of its people in an orderly and businesslike manner, looking upon their occupations as both social and individual in character. In nothing is this attitude better shown than in the comprehensive system of insurance legislation, the beginning of which was made a quarter of a century ago.

At the close of the war with France, the attention of the government was directed to the adjustment of the new conditions which the unforeseen industrial development had brought about. Socialism of the revolutionary type was everywhere making rapid strides among the working classes. To check these forces of discontent, as well as to meet the legitimate demands of the people, Bismarck, with remarkable far-sightedness, presented his plan of obligatory insurance of workingmen as a matter of civic duty. This embraced three forms of workingmen's insurance; namely, against sickness, accident and invalidity. In the short period of nine years, 1881–1889, every detail of this comprehensive scheme was put into operation. Legislation so far-reaching in its consequences had never before been attempted. Though at the time regarded as revolutionary in character, it has served the country even better than its great author dreamed possible. Now at the close of a period of twenty-five years, it is recognized as the most effective instrument for the protection of the great body of the people in the important exigencies of life; and its merits are warmly appreciated by all who have the welfare of the nation at heart.

The wide sphere of its usefulness is shown by the summary of insurance statistics for 1906 in Table 14. In that year, the population of Germany was 61,200,000, of whom no less than 15,400,000, or more than one in four, were wage-earners.

It must not be supposed, however, that the system inaugurated in 1883, through the efforts of Bismarck, was the creation of any one man or was imposed upon a people unprepared for it. On the contrary, it was the last step in a long historical process in which we find blended the struggle of the working people and the legislative policy of the ruling classes, and was based on political principles matured through decades of reflection and discussion.

TABLE 14.—SUMMARY OF ACCIDENT, SICKNESS, AND INVALIDITY AND OLD AGE INSURANCE STATISTICS, 1906

Losses, Receipts, etc.	*Against Accident*	*Against Sickness*	*Against Invalidity and Old Age*
Persons insured	19,227,213	12,408,706	14,142,700
Claimants paid	1,076,200	4,820,900	1,324,000
	(*Marks*)	(*Marks*)	(*Marks*)
Receipts *	189,708,567	314,461,891	263,340,791
From employers	166,973,578	95,510,006	85,063,085
From workmen	..	205,568,399	85,063,085
Disbursements, Total	165,964,271	282,487,163	182,355,360
For payment of claims	143,161,276	266,347,487	166,039,147
For expenses	22,802,995	16,139,676	16,316,213
Amount paid per claim	132.35	55.25	125.41
Total cost per person insured	8.63	22.77	15.50

* Total receipts for sickness, accidents and invalidity insurance, include sums from other sources, together with contributions of employers and employes.

For a full understanding of the system, as finally developed, it is necessary to make a rapid survey of previous legislation. Very early the Prussian laws recognized the obligation of the master to care for his servant during disability. This obligation was implied in the labor contract and the master could be compelled to pay for medical attention to his servant. The employer was also held responsible for accidents to servants in his employment due to his negligence, and was bound to care for the injured until restored. Similar laws protected the crews of vessels. In case of accident during the voyage, the master was liable for medical attendance, as well as for the expense of the voyage home. This applied even though the disability of the sailor were from sickness. In case of his death while on a cruise, provision was made for the support of his dependents by the employer.

Later, Prussia replaced the antiquated common law by the liability law of November 3, 1838, and thus took the initial step in recognizing the new principle of the liability of employers to provide compensation for industrial accidents. It applied, however, to railroad employes only, and by the same act the companies were made liable for accidents to passengers as well. The companies were exempt only in case they could prove that

the accident was due to the negligence of the person injured or killed or to some unavoidable cause, "an act of God." Other kingdoms, as, for instance, Holstein, Mecklenberg and the Saxon duchies, soon adopted similar statutes.

The next advance was made through legislation of a more general character. Laws passed in 1845, 1849 and 1854 gave the greatest encouragement to the formation of workingmen's organizations which had for their purpose the aiding of members in cases of disability resulting from sickness or accident. The law of 1854 was especially significant in that it compelled workers in certain trades to join trade guilds and required employers to contribute half the cost of their management. It should be noted, however, that these measures were not specifically directed to the solution of the problem resulting from industrial accidents. A full treatment of their provisions as well as their influence on later insurance legislation will be found in the discussion of sickness insurance in Germany.

The remarkable development of machinery and commerce in the decades immediately succeeding, called for an extension of the railroad accident law to other fields. But nothing of importance was done in this regard until after the founding of the empire, when the liability act of June 7, 1871, was passed. This followed the provisions of the Prussian law of 1838 with regard to railway accidents, and also gave similar protection to workmen in mines, quarries and factories. In the latter industries, however, proprietors were bound to compensate injured workmen only when the latter could prove negligence on the part of the employer or his vice-principal.

In cases of temporary or permanent disability due to accident, the law granted compensation for the cost of medical treatment as well as for loss of time or other financial damage. In case of death, indemnification included cost of medical treatment, necessary funeral expenses, the loss of time before death occurred and the loss sustained by the dependents of the deceased, the money value of such claims being fixed by the court. Permission was granted employers to insure their workmen in a private company or in a miners' benefit or other association, in which cases the employer paid the premiums entirely out of his own funds.

Although this liability law was a step in advance, it satisfied neither employers nor employed. Outside the field of railroad accidents, the heavy burden of proof was still on the person seeking redress. The result was an ever increasing number of lawsuits which seriously embittered relations between employers and employed, and in most cases frustrated the beneficent purposes of the law. The inability of irresponsible employers to pay the indemnity often compelled the applicant to apply for public or private charity. More serious still, was the absence of compensation for the vast number of injuries caused by the inevitable risks involved in modern industry. This unsatisfactory situation led to the compulsory insurance laws which will be referred to in subsequent pages in the order of their enactment.

The plan of obligatory insurance appears to have originated with the Socialists. Led by Dr. Schaeffle, a growing party had for years urged the establishment of such insurance by legislation. Fortunately many distinguished economists as well as the great body of the people fell in with the idea. Socialism was growing apace. From only 125,000 adherents in 1872, it had increased its numbers to nearly half a million five years later. Repressive legislation could not check the growth of discontent; and Bismarck, although at first not inclined to an obligatory system, later adopted the suggestion of his political antagonists.

In advocating it, he said that workingmen must be led by visible statutory advantages to consider the state, not only as an institution for the protection of the wealthier classes, but as caring for their interests as well. The fear that socialism would thus be introduced into legislation, should not be allowed to hinder the adoption of the plan. The entire undertaking was nothing new; it was only a modern political development based on practical Christianity.

Accordingly the first compulsory insurance measure was presented by Bismarck to the Reichstag early in 1881. This was an entering wedge and was limited to accident insurance. It provided that all proprietors of mines, factories, etc., be required to insure their workmen and other employes against occupational accidents, either in an imperial insurance department or in mutual associations of employers. Private companies were ex-

cluded. Both employers and employes were to contribute and a subsidy was to be paid out of imperial funds. The Reichstag assented to the principle of obligatory insurance but refused to vote financial support; it also desired to substitute separate departments for the kingdoms, respectively, instead of having one imperial department. These amendments were rejected by the government and matters were for a while at a standstill.

The good offices of Emperor William were then invoked, and his famous message to the Reichstag of November 17, 1881, made his position unmistakably clear. If there had been previous doubt as to his attitude, none could now exist; he was obviously heart and soul in sympathy with the program of his chancellor. He said in part:

"We consider it Our Imperial duty to impress upon the Reichstag the necessity of furthering the welfare of the working people. We should review with increased satisfaction the manifold successes with which The Lord has blessed Our reign, could We carry with Us to the grave the consciousness of leaving Our country an additional and lasting assurance of internal peace, and the conviction that We have rendered the needy that assistance to which they are justly entitled. Our efforts in this direction are certain of the approval of all the Federate Governments, and We confidently rely on the support of the Reichstag, without distinction of parties. In order to realize these views, a Bill for the Insurance of Workmen against Industrial Accidents will first of all be laid before you; after which a supplementary measure will be submitted, providing for a general organization of industrial Sick Relief Insurance. Likewise, those who are disabled in consequence of Old Age or Invalidity possess a well-founded claim to more ample relief on the part of the State than they have hitherto enjoyed. To devise the fittest ways and means for making such provision, however difficult, is one of the highest obligations of every community, based on the moral principles of Christianity. A more intimate acquaintance with the actual capabilities of the people, and a mode of turning these to account in corporate associations, under the patronage and with the aid of the State, will, We trust, develop a scheme to solve which the State alone would prove unequal."

As a result, a plan was accepted which required employers to insure their employes against consequences of industrial accidents,

insurance to be taken in mutual associations of employers, composed of all engaged in the same branch of trade. The first measure was enacted July 6, 1884, and became effective October 1, 1885. It was restricted to the more hazardous industries such as mines, quarries, excavations, factories and certain branches of the building trades. In the course of a few years the original law was followed by a series of supplementary measures extending its benefits to additional fields. Thus the statute of May 28, 1885, included workmen engaged in inland transportation by land and water, as well as employes in the post office and telegraph departments, and in the army and navy. That of May 5, 1886, included wage-earners in agriculture and forestry; and the laws of July 11 and 13, 1887, respectively, those engaged in construction and navigation.

In spite of earnest effort to attain simplification, it was found impossible to combine these measures into one general accident act. As revised in 1900, the laws consist of a main section which gives certain rules for organization, and a series of separate measures covering (1) industrial enterprises, (2) agriculture and forestry, (3) building and (4) navigation. Since then, special laws have been passed for insurance of prisoners against accident (June 30, 1900) as well as of public officials and soldiers (June 18, 1901).

Compulsory accident insurance at the present time, therefore, covers all workingmen, irrespective of wages, and all inferior managing officials whose salaries do not exceed 3000 marks ($750) per annum. Superior managing officials and all employers are exempt. The right was reserved, however, to extend this system by decree, (1) to employers whose yearly earnings do not exceed 3000 marks or who employ only two regular workmen, (2) to persons engaged in home industries, irrespective of the number of their workmen, and (3) to superior managing officials with salaries above 3000 marks. In any case, persons of these classes are entitled to insure voluntarily, a privilege which may also be extended by decree to employers whose yearly incomes are more than 3000 marks.

The responsibility of administering and enforcing the law was placed almost entirely in the hands of employers. To obtain

the most reliable average of risk, as well as convenience, economy and efficiency of administration and control, employers of the same or allied industries must unite in mutual associations (Berufsgenossenschaften) to insure their workmen against occupational accidents. As soon as an employer establishes his factory or other work, he becomes *ipso facto* a member of the mutual association of his trade and district. In most cases, the associations cover all engaged in the industry throughout the empire or at least the kingdom. When the association is coextensive with the empire, the administration is simplified by forming sections, one for each kingdom, under the management of superintendents (Vetrauensmännern).

Agricultural laborers, by special statute, are insured in agricultural associations of employers formed for that purpose. Employes of the state are insured by the state by means of funds administered by official boards (Ausführungsbehörden).

All of these organizations are self-governing bodies, managed by the contributing employers, but over which the imperial government exercises control and supervision. Each association determines for itself the danger class to which each of the contributory establishments belongs, and is authorized to levy a premium according to hazard. It is also empowered to enforce rules and regulations, to require the use of safety devices and appliances, and to report for legal action any employer who refuses to insure, fails to pay his premiums, or declines to comply with proper requirements. In case of accident, the mutual association of employers pays the compensation. Every accidental injury or death, except those caused by the wilful act of the employe himself, is indemnified.

The following scale of compensation is fixed by statute: In case of accidental injury during the employment: (1) free medical attendance, medicines, and necessary appliances, such as crutches, etc.; (2) a cash benefit during disablement, which for total disability is two-thirds of the wages and for partial incapacity is two-thirds of the impairment of the earning power; (3) or, in lieu of the cash benefit, free hospital treatment until cured and a reduced cash benefit for dependents. In case of total disability, the amount of cash benefit may be increased even to the full

wages and, in event of involuntary and undeserved non-employment, due to partial incapacity, the partial cash benefit may be raised to the full allowance, namely, two-thirds of the wages. For accidental death, compensation consists of (1) a burial benefit equal to one-fifteenth of the yearly wages (but not less than 50 marks); and (2) pensions to dependents during dependency, to the widow during widowhood and to children until fourteen years of age, varying from 20 per cent to an aggregate of not more than 60 per cent of the yearly wages.

The cost does not fall entirely on the mutual associations of employers. In justice to them, since they also pay one-third the cost of sickness insurance, it was arranged that the cash benefits for a period not to exceed 13 weeks be provided by the sickness insurance societies. Unlike the mutual associations of employers, these societies when the law was passed, were already well adapted by years of experience to deal effectively with the countless lesser hurts incidental to modern industry. It is only when the accident leads to disability exceeding 13 weeks, or the consequences are more serious, that the mutual associations of employers bear the cost.

In case of disablement beyond 13 weeks or of accidental death, the amount of compensation is fixed by the mutual association to which the employer belongs. The original adjustment is, therefore, entirely in the hands of the employers' associations; but their decision is not final. The injured workman or claimants for benefits because of a workman's death, may if dissatisfied, carry the case within one month to a so-called arbitration board composed of five members,—two representatives chosen by the employers' association and two by the workmen, with a state official as chairman. These arbitration boards are established according to the districts into which the empire is divided under the invalidity insurance law, for both the accident and invalidity insurance systems, and have been working since January 1, 1901. Previous to 1900 they had jurisdiction in invalidity cases only. The labor representatives are chosen by directors of sick associations. In the more important cases, either party may appeal against the judgment of the arbitration board to the Imperial Insurance Office (Reichs-Versicherungsamt). This body, the

supreme administrative and judicial authority for the whole insurance system, is composed of permanent members, including its president, of several superior state officials appointed for life by the emperor, and of temporary members. The latter include six delegates of the Bundesrath and six representatives of employers and employes in equal numbers. The employes thus exercise an important part in the administration of the accident law.

The cost of medical treatment and the burial benefit, if death occurs, having been fixed by the association, must be paid within a week after the accident. Benefits are paid monthly in advance, or, if the annual amount is 60 marks ($15) or less, quarterly; the law, however, permits longer payment periods by agreement, and also the remittance of lump sums in commutation of small partial pensions, but not otherwise. Actual payments are made through the post office which also advances what is needed out of its banking department. These payments are refunded by the mutual associations at the close of the financial year.

Every employer contributes yearly in proportion to the risk of his establishment and to his payroll, the risk being determined by means of a classified tariff of rates, drawn up by his association. As these associations naturally have a strong interest in diminishing the number of accidents, the law has conferred on them the important privilege of prescribing preventive rules and regulations. With the approval of the Imperial Insurance Office, these rules have the force of law and must be complied with. The mutual associations may send inspectors to any factory or establishment at any time to see if the regulations are obeyed. In cases of negligence, the employer may be fined; if it continues, he may be given a rate for a higher risk and, in case of flagrant neglect, the state may step in and close the factory. Workingmen are also subject to these regulations and may be fined up to as high as six marks ($1.50) for each failure to obey.

Turning to the operation of the agricultural accident insurance law, we find certain important deviations. It allows the extension of compulsory insurance to all employing farmers and foresters and to their domestic servants. This is desirable since

in Germany most of the farms are very small and the owners are working farmers. Mutual associations of farmers and foresters are organized by territorial districts which usually coincide with those of the communal or state administrations. The administration may therefore be entrusted, by agreement or by local statute, to the political administrative authorities, such as county councils or kingdom parliaments or to local magistrates. The basis for determining benefits is not actual earnings, as among employes in other industries, but the average rate of wages for agricultural laborers, the amount of which is ascertained by the higher administrative authorities. Only managing farmers or foresters and skilled workmen are indemnified according to actual wages, as in other industries. During the first 13 weeks of injury, local authorities are required to make the preliminary provision which in other industries is made by sickness insurance societies. This includes medical attendance and medicines for the injured in all cases where a provision equal to that guaranteed by the imperial sickness insurance law has not been introduced by the kingdom or the commune. Contributions of members are levied, not according to the classification of a table of rates and the number of hands employed, but on the same basis as other taxes.

The Building Trades Accident Insurance Law embraces all the branches of building employments not covered by the abovementioned laws. In particular, it applies to underground construction, such as sewers, subways or tunnels. For such construction there is a single mutual association (Tiefbau-Berufsgenossenschaft) embracing the whole empire, and its operations are strictly regulated by law.

The Marine Insurance Law embraces ocean navigation as well as sea fisheries. While such insurance for the large enterprises is effected as previously by the Marine Mutual Association (See-Berufsgenossenschaft), a special association has been organized to provide for the recently established insurance of small enterprises, small sea-going and fishing craft. Unlike the Industrial Accident Insurance Law, the application of this insurance is not limited to persons with certain maximum income, but may be extended to those whose incomes exceed 3000 marks ($750). The

yearly earnings of sailors and fishermen are determined, not on the basis of the individual wage, but as for farmers and foresters, on average rates of wages ascertained by the imperial chancellor for the whole coast by classes. During the first 13 weeks of disability by accident, the provisions of the commercial code for skippers and of the seamen's code for sailors remain in force, these rules imposing the care, support and medical treatment of the sick and injured upon the shipowner. In all other respects, the same rules obtain as in industrial accident insurance.

At the present time, compulsory accident insurance does not cover the fields of self-employed craftsmen, small trades, household service and commercial salesmen, which embrace about 2,000,000 additional working people. Extensions are, however, contemplated. Yet, in spite of this limitation, there can be no question of the beneficent results of the legislation. It has made itself felt in the affairs of the nation, not only by compensating the most helpless members of society for injuries, and preventing accidents, but also by developing a strong spirit of cooperation among employers. Through the agency of the mutual associations, they now come together to study and discuss problems of mutual, general, and even public interest, and it is probable that the remarkable advance made by German industry and commerce during the last two decades is in large part attributable to this cause.

The wide scope of this branch of workingmen's insurance is evident from the fact that at the close of 1907 more than 21,000,000 working people, employed in nearly 5,500,000 separate establishments, were directly insured under the provisions of the law. Table 15 shows the development of the system in numbers insured, from its establishment in 1885 to the close of 1907.

The 66 mutual associations of industrial employers are distributed among the several branches of industry as follows: building trades, 14; textiles, 8; iron and steel, 8; manufacture of foods and beverages, 7; manufactures of and from wood, 4; land transportation, 4; water transportation, 4; earthenware including potteries, 3; brick works, 3; glass works, 3; paper manufactures, 2; metals (fine and ordinary), 2; mining, 2; and

one each for mechanical, chemical, gas works, water works, printing, leather, clothing, musical instruments, and machinery.

TABLE 15.—NUMBER OF ASSOCIATIONS, ESTABLISHMENTS, STATE EXECUTIVE BOARDS, AND PERSONS INSURED AGAINST ACCIDENT, 1885–1907

Year	Industrial, B'ld'g, and Marine Trade Associations			Agriculture and Forestry Trade Associations			State Executive Boards		Total Number Insured
	Number of			Number of			Number of		
	Associations	Establishments	Persons Insured	Associations	Establishments	Persons Insured	Boards	Persons Insured	
1885	57	194,601	2,986,248	..	..	..	83	265,088	3,251,336
1890	64	390,622	4,987,206	48	4,843,621	8,088,698	316	604,380	13,680,284
1895	64	435,137	5,409,218	48	4,813,572	12,289,415	393	690,835	18,389,468
1900	65	478,752	6,928,894	48	4,711,077	11,189,071	425	774,926	18,892,891
1905	66	637,611	8,195,732	48	4,658,826	11,189,071	516	857,709	20,242,512
1906	66	659,935	8,725,500	48	4,695,789	11,189,071	527	912,642	20,727,213
1907	66	637,118	9,018,367	48	4,710,401	11,189,071	535	964,589	21,172,027

The small number insured for the year 1885 is clearly due to the small number of employments to which the law at first applied. By the year 1890, mutual associations of farmers and foresters were added, with nearly 5,000,000 separate employers, a number larger than the influx at any time in the seventeen years following. The majority of these were small farmers who protect themselves and their families, as well as their employes, by means of this insurance. The law, therefore, benefits not workmen merely, but also large numbers of small proprietors, who are thus protected against injuries to themselves or members of their families that might result in serious hardships or even compel them to resort to charity.

The number of mutual associations of industrial, and of agricultural and forestry employers, taken together, has remained about stationary during the past two decades; only in the number of insured workingmen is a large increase to be observed. To deal conveniently, economically and efficiently with such large numbers, the 114 mutual associations were, at the close of 1907, sub-

divided into 939 sections, in charge of 28,066 superintendents and 4133 other administrative officers.

The government statistics of accidents give an instructive body of data relative to the dangers involved in the various fields of modern industry. All trades are included and the facts analyzed with great accuracy for each year since the law went into operation. Accidents are classified under four heads, according to the result: (1) fatal, (2) totally and permanently disabling, (3) partially and permanently disabling, (4) temporarily disabling. Table 16 gives the total number of accidents as well as the rate per 1000 insured for the last two decades.

The remarkable disparity between the number reported as injured and the number receiving compensation will at once be noted. In the year 1907, the two totals were respectively 662,901 and 144,703. In explanation, it must be recalled that most of the accidents reported do not involve disability beyond the 13 weeks covered by sickness insurance. Such are compensated by the latter system and make no claim against employers' associations. The 144,703 cases are of disability beyond the period of 13 weeks.

Notwithstanding great improvements in safety appliances and other means of prevention, the number of accidents with the single exception of those resulting in complete permanent disablement, has increased rapidly per 1000 insured. The average duration of disability has also increased, doubtless partly due to the broadening of the statutes. The same condition has been observed in all other countries where liability laws have been liberalized. The increase is also ascribed to simulation and to malingering, as it is certain that some workmen take advantage of the slightest accident to claim compensation. But the chief cause of increase in the number of accidents in Germany is unquestionably the greater complication of industry, the greater hazard necessarily resulting therefrom and intensity of pressure upon workingmen. With the strong tendency to migrate from the country to industrial cities, thousands of men enter factories who are not by training prepared for the complex machinery they must handle. These factors augment the number and the seriousness of accidents.

TABLE 16.—TOTAL NUMBER OF ACCIDENTS, NUMBER AND PROPORTION COMPENSATED, 1888–1907

Year	Number Injured in Course of Year	Number Receiving Compensation for Old and New Accidents	Injured to Whom Compensation was Paid for First Time in the Course of the Year *										Dependent Survivors of Deceased during Year
			Total	Per 1000 Insured	Fatally	Per 1000 Insured	Permanently Disabled				Temporarily Disabled		
							Total	Per 1000 Insured	Partial	Per 1000 Insured	Total	Per 1000 Insured	
1888	..	..	21,057	2.03	3,645	0.35	2,203	0.21	11,023	1.07	4,186	0.40	..
1890	..	100,251	41,420	3.03	5,958	0.44	2,681	0.20	22,615	1.65	10,166	0.74	..
1895	310,139	318,268	74,467	4.05	6,335	0.35	1,668	0.09	40,527	2.20	25,937	1.41	12,800
1900	454,341	594,889	106,447	5.63	8,449	0.45	1,366	0.07	51,111	2.70	45,521	2.41	17,216
1905	609,160	892,901	139,787	6.91	8,757	0.43	1,476	0.08	63,530	3.14	66,024	3.26	19,000
1906	645,583	936,491	138,283	6.67	8,970	0.43	1,454	0.07	60,814	2.93	67,045	3.24	19,151
1907	662,901	980,044	143,356 (144,703)†	6.77	9,670 (9,815)†	0.46	1,341	0.06	59,586	2.81	72,759	3.44	20,522

* Does not include building, underground, and marine associations.

† Total for all associations.

In general, accidents increase in number as workmen become older. Thus, in the industrial, building and marine associations of employers, the rate per annum was 3.6 per 1000 insured for those between the ages of eighteen and twenty, 5.4 for those between twenty and thirty years, 9.2 for those between thirty and forty, 12.3 for those between forty and fifty and 13.8 for those between fifty and sixty years. More accidents occur in the summer months when the activity in certain occupations is greatest and when more men are at work; and Monday and Saturday are accountable for a heavier toll than the remaining week days. The large number of accidents occurring on Saturdays is doubtless caused by the strain of the week's work, while those of Monday are very likely the result of Sunday jollification. Table 17 shows the conditions prevailing in the industrial mutual associations alone.

TABLE 17.—NUMBER OF ACCIDENTS, AND NUMBER PER 1000 PERSONS INSURED IN INDUSTRIAL MUTUAL ASSOCIATIONS, 1888–1907

Year	Number of Accidents					Per 1000 Insured				
	Total	Fatal	Permanent injury		Temporary injury	Total	Fatal	Permanent injury		Temporary injury
			Complete	Partial				Complete	Partial	
1888	18,809	2,943	1,886	10,270	3,710	4.35	0.68	0.43	2.38	0.86
1890	26,403	3,597	1,869	16,109	4,828	5.29	0.72	0.37	3.23	0.97
1895	33,728	3,644	780	19,312	9,992	6.24	0.67	0.15	3.57	1.85
1900	51,697	5,108	592	24,790	21,207	7.46	0.74	0.08	3.58	3.06
1905	68,360	5,154	572	29,423	33,211	8.34	0.63	0.07	3.59	4.05
1906	71,227	5,398	578	30,134	35,117	8.26	0.63	0.07	3 49	4.07
1907	75,370	6,078	571	30,280	38,441	8.36	0.68	0.06	3.36	4.26

The four classes of accidents, taken together, have almost doubled in frequency in the last twenty years, while those resulting in temporary injuries only, but exceeding 13 weeks in duration, have increased five-fold in the same period. The one striking exception is the constant reduction in the number of

completely disabled and killed. This is very likely due to the care which the mutual associations of employers exercise in dealing with cases of serious injury.

The results vary in the different trades. Table 18 gives the ratio of accidents per 1000 full-time workers in 22 classes of occupations.

TABLE 18.—RATIO OF ACCIDENTS PER 1000 FULL-TIME WORKERS IN 22 CLASSES OF OCCUPATIONS, 1906–1907

Class of Industry	1906	1907
1. Mining	15.70	15.54
2. Quarries	14.98	15.35
3. Glass, pottery, brick-making	6.62	6.98
4. Iron and steel	11.23	11.29
5. Metal, mechanical and musical instruments	6.77	7.10
6. Chemical	9.24	9.48
7. Gas and water works	6.23	6.45
8. Textile industry	3.07	3.00
9. Paper and book printing	4.80	4.79
10. Leather and clothing	3.73	3.84
11. Wood	13.19	13.28
12. Food stuffs, provisions and tobacco	4.60	4.76
13. Milling, sugar, distilling, dairy, brewing and malting	11.50	12.10
14. Building (private)	11.00	11.44
15. Railway (private)	7.20	6.55
16. Storage and carting	15.06	14.60
17. Inland waterways	14.11	13.26
18. Marine shipping (private)	6.70	6.22
19. Marine and army	4.41	4.46
20. Public constructions for state, province and commune	7.25	7.63
21. State railways, post and telegraph	7.42	6.92
22. State navigation, dredging and rafting	11.50	11.11
Average for industries, building and navigation accident insurance associations, omitting contracting, excavating and marine associations	9.31	9.37

Apart from mining and quarrying, the most dangerous occupation is that of storage and carting. It is surprising to note in the above table the low rate of casualties upon railways as compared with the figures for the United States.

The causes of accidents are difficult to classify, but they may be roughly grouped under 16 heads. Table 19 gives the causes of accidents for which compensation was first paid during 1907.

TABLE 19.—CAUSES OF ACCIDENTS IN INDUSTRIAL, BUILDING, MARINE AND TRADE ASSOCIATIONS FOR WHICH COMPENSATION WAS FIRST PAID IN 1907

Causes	*Non-fatal Injuries*	*Per Cent of Total*	*Fatal Injuries*	*Per Cent of Total*
Steam, engine and other motors	535	0.67	44	0.70
Transmission machinery	969	1.21	156	2.47
Work machines, excluding derricks	13,916	17.36	176	2.78
Derricks and hoisting machines	4,481	5.59	546	8.64
Steam vessels, cooking apparatus and conduits	138	0.17	37	0.59
Explosives	505	0.63	144	2.28
Combustible materials (glowing metals, gas, vapors)	2,899	3.62	574	9.08
Cave-ins; falling of various objects	11,882	14.82	1,285	20.33
Falling from stairs, ladders, etc.	9,005	11.24	752	11.90
Loading and unloading, lifting and carrying	11,396	14.22	345	5.46
Vehicles (running over, etc.)	5,374	6.71	545	8.62
Steam railways (running over)	7,274	9.08	970	15.35
Shipping	843	1.05	361	5.71
Animals (push, blow, bite, etc., including all accidents while riding)	1,301	1.62	90	1.42
Hand-work (hammer, ax, etc.)	3,269	4.08	43	0.68
Various causes	6,357	7.93	252	3.99
Total	80,144	100	6,320	100

Turning to agriculture and forestry, we find the following conditions with reference to accidents:

TABLE 20.—NUMBER OF ACCIDENTS IN AGRICULTURE AND FORESTRY AND RATIO PER 1000 INSURED, 1890–1907

Year	Number of Accidents					Per 1000 Insured				
	Total	*Fatal*	*Permanent injury*		*Temporary Injury*	*Total*	*Fatal*	*Permanent injury*		*Temporary Injury*
			Complete	*Partial*				*Complete*	*Partial*	
1890	12,573	1,877	438	5,404	4,854	1.55	0.23	0.05	0.67	0.60
1895	37,383	2,213	571	19,529	15,070	3.04	0.18	0.04	1.59	1.23
1900	50,311	2,662	511	24,181	22,957	4.50	0.24	0.05	2.16	2.05
1905	66,335	2,907	610	32,009	30,809	5.93	0.26	0.06	2.86	2.75
1906	61,887	2,872	593	28,580	29,842	5.53	0.26	0.05	2.55	2.67
1907	62,673	2,843	507	27,049	32,274	5.60	0.25	0.05	2.42	2.88

The rate of accidents per 1000 insured is smaller in agriculture than in the industries. This is true of each of the four classes of injuries, but especially in that of fatal injuries. It would appear from the statistics of the last three years, 1905, 1906 and 1907, that an equilibrium has been reached in the number of accidents and that a tendency toward a decrease per 1000 insured is now evident.

The compensation paid to injured workmen has already been discussed. Table 21 shows the total amounts expended under the various items.

TABLE 21.—DISBURSEMENTS CLASSIFIED BY KIND OF EXPENDITURE, 1885–1907

Year	*Total Disbursements* (*Marks*)	*Total Compensation including Medicines, Pensions, etc., paid after 13 weeks* (*Marks*)	*Compensation during the First 13 weeks* (*Marks*)	*Medical Treatment* (*Marks*)	*Disability Benefits* (*Marks*)	*Death Benefits* (*Marks*)	*Pensions to Dependents of Deceased* (*Marks*)
1885	1,004,264	20,010	..	19	148	10,967	8,876
1890	26,623,666	20,315,319	36,096	819,054	13,538,549	279,842	4,094,029
1895	60,497,963	50,125,782	316,355	1,317,350	35,306,228	319,209	9,585,376
1900	100,876,669	86,649,946	701,614	2,031,236	63,227,542	491,459	15,750,111
1905	157,539,727	135,437,933	709,784	3,125,276	100,559,596	637,083	23,187,305
1906	165,964,271	142,436,864	724,411	3,228,553	105,763,748	654,347	24,717,647
1907	175,427,500	150,325,292	765,300	..	111,138,900	733,000	26,513,900

These figures show a marked increase in nearly every item for each successive year. In 1907 cash benefits to injured workmen absorbed about 70 per cent of the total; pensions to families of workmen killed by accident 20 per cent more, and the remaining 10 per cent was expended for medical treatment, burial benefits, etc.

Table 22 shows the average amounts expended for benefits during the first 13 weeks of disability, for medical and hospital care, and for pensions to dependents, per member treated.

TABLE 22.—COMPENSATION PER PERSON INJURED AND MEMBER TREATED, 1885–1906

Year	Compensation Per Person Injured (Marks)	Per Member Treated			
		Benefits during First 13 Weeks (Marks)	Cost of Medical Care (Marks)	Cost of Hospital Service (Marks)	Pensions to Dependents (Marks)
1885	74.66	..	6.88	..	..
1890	202.64	..	41.37	120.04	36.74
1895	157.45	..	33.51	139.54	35.84
1900	145.66	53.77	33.49	141.31	35.30
1905	151.68	62.36	34.71	157.04	43.50
1906	152.10	64.96	35.59	155.55	43.90

It is interesting to observe that the cost of hospital service is becoming an increasingly important item, reaching 155.55 marks per member treated in the year 1906. This is indicative of the policy of the mutual associations of employers which endeavor to give the best care to workmen who have been seriously injured. Only by means of a rapid and thorough restoration to health can the enormous expense of life-long indemnities be avoided.

The operation of the law has, on the whole, been satisfactory to the German people. There has been much improvement in the efficiency of workmen, and employers have indirectly reaped returns for their compulsory outlay. It may be true, as is sometimes claimed, that the law has had some tendency to decrease the sense of personal responsibility on the part of workmen and to tempt them to secure compensation for the slightest injury; but they, on their part, have never been content with the arrangement that placed the adjustment of compensation in the first instance in the hands of the employers' associations. As a result of this dissatisfaction these adjustments are constantly challenged. Appeals from the awards of the associations of employers as well as from those of the arbitration board are only too common, the more so because litigation is free. The figures in Table 23 show the number of appeals made from the original awards of the employers' associations to the courts of arbitration.

TABLE 23.—NUMBER, PER CENT AND DISPOSITION OF AWARDS APPEALED TO COURTS OF ARBITRATION, 1886–1907

Year	Awards Open to Revision	Awards Appealed to a Board of Arbitration	Per Cent Appealed	Disputes Settled through a Court of Arbitration				
				Total	In Favor of Employers' Associations	Per Cent	In Favor of Workmen	Per Cent
1886	..	2,446	..	1,198	698	58.26	500	41.74
1890	68,684	14,879	21.66	10,698	6,891	64.41	3,807	35.59
1895	143,783	33,553	23.34	28,245	20,370	72.12	7,875	27.88
1900	217,333	45,655	21.01	42,064	30,949	73.58	11,115	26.42
1905	395,563	68,742	17.38	72,613	56,068	77.21	16,545	22.79
1906	406,097	70,542	17.37	79,825	61,673	77.26	18,152	22.74
1907	417,957	70,957	16.98	81,377	62,782	77.15	18,595	22.85

Many decisions of the court of arbitration are carried to the still higher court of the Imperial Insurance Office. The following table shows the operations of the imperial office in this regard.

TABLE 24.—NUMBER, PER CENT AND DISPOSITION OF APPEALS FROM COURTS OF ARBITRATION TO THE IMPERIAL INSURANCE OFFICE, 1886–1907

Year	Decisions of Court of Arbitration Open to Appeal	Decisions Appealed by		Per Cent Appealed	Disputes Settled			Per Cent of Original Decisions Confirmed
		Workmen	Employers		By Trial	Out of Court	Total	
1886	1,075	178	89	24.84	70	28	98	72.9
1890	10,090	1,861	493	23.33	1,748	318	2,066	73.7
1895	27,334	6,371	1,435	28.56	7,351	1,002	8,353	73.9
1900	41,416	8,600	2,448	26.68	10,254	1,144	11,398	69.9
1905	62,420	13,604	3,818	27.91	15,425	1,991	17,416	71.8
1906	68,350	15,212	4,422	28.73	15,990	2,371	18,361	73.9
1907	70,035	14,624	4,980	27.99	16,111	2,304	18,415	72.2

It thus appears that of the original awards of 1907, 70,957, or 17 per cent, were carried to one of the courts of arbitration for revision, and that 19,604, or 28 per cent, of the judgments by

these courts open to revision, or nearly 5 per cent of all the awards, were carried to the Imperial Insurance Office for final consideration. This situation is certainly to be deplored since one of the objects of such legislation is to reduce litigation. The expense, however, is not heavy, fees being strictly limited by law. It is urged on behalf of the workingmen that this be remedied by providing boards of award, consisting of one workingman, one employer and an impartial referee, which would adjust the claims at the outset, instead of a committee composed of employers only; appeals to be permitted to a higher court whose decisions will be final except on questions of legal construction which may be referred by that court to the imperial office. Such an arrangement would take much of the work off the imperial office and should materially reduce the cost of litigation which has by reason of its volume grown to be very high. The plan has been opposed by many of the employers.

Large as the number of accidents is, there can be little doubt that their number would have been much greater, were it not for the extensive campaign to secure prevention and the adoption of safety devices. All the agencies put into operation by the imperial insurance laws have worked together to this end. Not only the mutual associations of employers, but sickness insurance societies, managers of the invalidity funds and all the forces of the Imperial Insurance Office are constantly engaged in inculcating and enforcing the need of safety devices of all sorts and making regulations to reduce the probability of accident. This is the more important since the greater number of accidents is still due to the negligence of either the employer, the employe, or of both together.

At present, preventive regulations have been adopted and enforced by 65 out of 66 industrial mutual associations of employers and by 41 out of the 48 agricultural associations. Good work is being done; but there is room for improvement. Association inspectors, as a rule, are men who have academic training only and are neither fully acquainted with the needs of workmen nor of much practical experience. Their efforts are largely directed toward preventing accidents in the interest of employers in order to reduce the cost to them. Social Demo-

crats maintain that inspectors should be men who know how to advise employes as to right methods of living and who would suggest means of safeguarding the workers, not only against accident, but against disease as well. There should, in other words, be greater co-operation between employer and employe. Better work in many respects is done in sickness insurance societies.

This work of prevention and inspection adds to the already large expense of management of the mutual associations. Yet they are, without exception, conducted with great economy and effectiveness as compared with private companies engaged in the same business in other countries. The following table gives various items of management expense.

TABLE 25.—ITEMS OF MANAGEMENT EXPENSE OF MUTUAL ASSOCIATIONS OF EMPLOYERS, 1885–1907

Year	*For Prevention of Accidents* (*Marks*)	*For Inspection* (*Marks*)	*For Investigation and Determination of Compensation* (*Marks*)	*For Arbitration* (*Marks*)	*For Other Management Expenses* (*Marks*)	*Total Management Expenses* (*Marks*)
1885	3,230	3,195	2,325	7,569	971,130	984,254
1890	332,311	312,347	676,981	391,375	4,871,583	6,272,250
1895	462,005	453,051	1,705,587	796,518	7,091,716	10,055,826
1900	656,983	632,228	2,754,363	1,110,987	9,002,776	13,525,109
1905	1,373,637	1,251,045	4,460,899	1,846,358	13,711,116	21,392,010
1906	1,573,767	1,393,319	4,662,413	2,037,799	14,529,016	22,802,995
1907	1,638,600	..	4,996,400	2,141,900	15,382,800	24,159,806

In the decade 1886–1895, the average ratio of total management expenses to total compensation paid was 28.49 per cent. This ratio has steadily decreased, and from the above figures it appears that in 1907 it had reached the low figure of 16 per cent. If cost of investigation and of measures for prevention of accidents be eliminated, the percentage is only 10.2, a remarkably low figure.

To meet all their disbursements, the associations have but one source of income; namely, contributions of the employers themselves. The associations, however, are not required by

the government to set up, from the date of the award, a liability equal to the "present" or "capitalized" value of the annuities to be paid to injured workmen. Provision is made only for payment of the benefits falling due during the current year, leaving the payment of sums falling due in subsequent years to be met out of the receipts of such years. Employers, as has been said, prefer this arrangement because they can thus retain the money in their business, which sums would otherwise have been collected by the associations and accumulated in the capitalized values.

Table 26 gives the total receipts of the mutual associations of employers from 1885 to 1907.

TABLE 26.—RECEIPTS OF MUTUAL ASSOCIATIONS OF EMPLOYERS, 1885–1907

Year	*Total Income* (*Marks*)	*Contributions of Employers* (*Marks*)	*From Interest and Other Sources* (*Marks*)
1885	1,004,264	986,391	17,873
1890	42,527,578	38,797,294	3,730,284
1895	73,764,754	64,225,357	9,539,297
1900	105,453,946	91,783,545	13,670,401
1905	178,965,632	157,822,737	21,142,895
1906	189,708,567	166,973,578	22,734,989
1907	195,772,100	171,561,400	24,210,700

The cost to employers has been constantly increasing. This is due not merely to the increasing number of accidents, but also in large part to the fact that premiums are now being collected to cover, not merely payments for accidents occurring at the present time, but also for those which occurred at any time since 1885, when the original law went into effect, the workmen or dependents entitled to benefits being still alive.

Since membership in the associations is compulsory upon all employers, there can be no question as to solvency. Yet the government, while concurring in general with the scheme, has required the associations to collect enough to create reserves against certain contingencies. During the first year, the sum to be put into the reserve, though by no means what would be required

under the "capitalized" value method, must be equal to three times the amount paid out in indemnities; during the second year, twice as much, the ratio thereafter decreasing one-tenth each year until the eleventh year, when the interest of the reserve fund will reach a certain fixed figure. It is thought that by this method the highest cost under the assessment plan with increasing contributions when it reaches an equilibrium will not be much beyond the average annual cost under a capitalized value system. Table 27 shows the growth as well as the condition of the reserve fund at the close of 1907.

TABLE 27.—AMOUNT OF RESERVE FUND OF THE MUTUAL ASSOCIATIONS OF EMPLOYERS, 1885–1907

Year	*Amount (Marks)*
1885	..
1890	65,813,770
1895	143,396,460
1900	169,869,991
1905	258,603,666
1906	282,347,962
1907	302,869,700

For purposes of illustration, the mutual association of employers in the chemical industries is most instructive. This is a very large association and an account of its organization will bring out clearly the way the law operates. The very nature of the industry implies that contributing employers are men of scientific attainment who conduct the association on progressive and liberal lines. It covers all the chemical and many of the allied industries throughout the entire empire. At the close of 1897, 8,720 different establishments with 207,704 employes were contributing members. The chief office is in Berlin, but there are eight branch offices, each with supervision over a department in as many large cities of the empire, Breslau, Hamburg, Cologne, etc. The association is controlled by a board of seventeen directors, elected by members as representatives of the departments. Each of the latter is under the management of a superintendent and inspectors.

For purposes of assessment, membership is divided into fifteen classes according to the estimated hazard. In Class A are

apothecaries and chemical laboratories and such other chemical works as do not employ mechanical power. These are considered the least hazardous and the basis for the assessment is "20." Class B includes establishments where celluloid, asbestos, waterproof and fire-proof materials are manufactured; their assessment basis is "25." Thus the classes are determined according to hazard up to Class P, which includes establishments where high explosives are manufactured; its assessment basis is "150." Rates are revised every ten years on the basis of experience during the previous decade and must be approved by experts of the Imperial Insurance Office.

In establishments of some of these classes, accidents are of common occurrence. In the year 1907, the total number of accidents was 13,038. Of these, 1,223 involved disability of less than three days; 9,690 in all, involved disability of less than 13 weeks and were compensated therefore by the sickness insurance societies. The remaining 1,789 cases, of which 99 resulted fatally, received compensation from the mutual association of employers in the chemical industries. In the chemical industry as a whole, 835 cases of indemnification, on an average, comprising both injuries and deaths, are cared for each year out of 100,000 employes.

Compensation paid during the year 1907 amounted to 2,855,605 marks ($713,901). Of this sum 80,422 marks ($20,105) were incurred for medical treatment, etc.; cash benefits to injured workmen reached 2,062,586 marks ($515,646); funeral benefits 11,269 marks ($2,817), and pensions to surviving dependents over 500,000 marks ($125,000). The awards of indemnities are made by committees of the association, appointed in each department. The amount of litigation is considerable. In the year 1907, 5,448 awards were made from which appeals were taken. Of these, 1,115 were appealed to the courts of arbitration and 395 of the cases decided by the latter were carried up to the Imperial Insurance Office for final decision.

Compensation is paid through the post office which advances whatever sums may be required. At the end of the year individual members are assessed to meet the disbursements for the year. Establishments of a particular hazard class bear the losses

of that class; management expenses are borne equally by all. If an employer becomes bankrupt, the association makes a claim in the same way as any other creditor. The only liability in such cases, however, is the assessment for one year; for no employer can be held for previous assessments if the association has failed to collect them. The association of chemical employers at present carries a reserve which is fixed by law and is not mathematically adequate. It amounted at the end of the year 1907 to 7,407,455 marks ($1,851,864). The employers are opposed to the accumulation of even this reserve, for reasons given above. They also assert that the reserve is unnecessary, since the losses are guaranteed by all the property of the employers and also by the state.

A valuable feature of the work of this association is in the prevention of accidents. A manual covering the many industries of the association is distributed to members; it explains the most approved method of manufacture, from the standpoint of safety. Plans of safety devices as well as methods of treatment in case of poisoning or accident are given, etc. In certain instances, the association attempts more than the law actually requires. Acute lead and other poisonings, for example, are not accidents in the strict sense; but they are voluntarily treated as such and are compensated. Some other occupational diseases are similarly included. In all cases, employers are held to a strict accountability under the rules and regulations of prevention, and in case of flagrant neglect, may be placed in a higher hazard class or may even be brought to the attention of the authorities. The associations also have power to enforce the adoption of safety devices when new machinery or equipment is installed.

AUSTRIA

Austria was quick to follow Germany in providing a system of compulsory insurance for the protection of its workingmen. Scarcely had the first of the German laws gone into operation, when two similar measures providing for accident and sickness insurance were presented to the Austrian parliament.

Considerably modified, an obligatory accident insurance law was passed December 28, 1887, followed a few months later, March 30, 1888, by a sickness insurance law.

Until that time, provision against industrial accidents had been very meagre. The civil code of 1811 had established liability on the basis of the common law, which gave the injured workman the right to compensation only when the accident was due to the direct fault of the employer. Later, the law of March 5, 1869, like the Prussian law of 1838, made employers in the railway industry liable for all accidents not due to unavoidable causes or to the negligence of the injured workmen themselves.

In other industries, workmen remained under the inadequate protection of the common law. Attempts were made by the authorities to extend the scope of the railway law to other trades of a dangerous character, and in the meanwhile, several private accident insurance agencies had been established. The "Society of Austrian Industrial Workers for Accident Insurance," the "Austrian General Accident Insurance Company of Vienna," and the accident department of the "Patria" undertook accident business. Reports of the trade inspectors, however, showed that these companies played an insignificant part in this field and were useless in the most dangerous trades. These facts and the pressure of public opinion aroused by the agitation in Germany, led the authorities to drop their proposed liability measure and to present to parliament, in 1883, a compulsory accident insurance bill. After much investigation and discussion, a revision was brought forward on January 28, 1886, and was passed on December 28, 1887. This, together with the later revision of July 20, 1894, constitutes the law at the present time.

The statute of 1887 covers workingmen and supervising employes in factories, foundries, mines, wharves, quarries, building operations and all industrial pursuits in which machines or explosive substances are employed. The revision of 1894 extended the law to cover workingmen engaged in railways and transportation, storage, theatrical undertakings, fire prevention, street cleaning, chimney cleaning and canal work. The laws, therefore, include the large trades and exclude the small indus-

tries, as well as agriculture and forestry, with the exception of those where steam or other motors are employed.

Insurance is provided, not as in Germany through trade-associations (Berufsgenossenschaften), but through territorial organizations (Anstalten), composed of all the various industries of that district. There are seven such organizations, conducted under the supervision of the government insurance office and the Minister of the Interior. All officers and employes are appointed by the government. The executive committee, administering the affairs of each organization, is composed of elected representatives of employers and of employes and persons appointed by the government in equal numbers. In addition to the above organizations, trade associations and private companies are permitted to carry accident insurance under certain conditions. But up to the present, only one such trade association, that of the railway employers, has been established.

As in Germany, graded compensation is paid for all injuries, including those resulting in death. It is somewhat more limited than that granted by the German law and is as follows: In case of complete incapacity, a pension of 60 per cent of the wages; in case of partial incapacity, a pension correspondingly reduced which may in no event exceed 50 per cent of the wages. These indemnities begin only after the fifth week from the date of accident. Until this time benefits are paid by the sickness insurance society which also affords free medical attendance or hospital care. In case of death, funeral expenses, limited to 50 kronen ($10), are paid, and pensions not exceeding in the aggregate 50 per cent of the yearly wages are given to widow and orphans or other dependents. Yearly wages are treated as 300 times the average daily wage of the injured workingman during his last work-year, with a maximum of 2400 kronen ($480) for adults and 600 kronen ($120) for apprentices.

During the waiting period of four weeks, cost of medical treatment and other benefits are paid by the sickness insurance society to which the injured workman belongs. Should the disability extend beyond that time, the society continues its payments for 16 additional weeks, the money being refunded later by the territorial accident insurance institution. After

that period elapses, the employe, if still disabled, is given an invalidity pension or is cared for by the insurance institution until cured or until permanent invalidity sets in. The above compensations are determined in the first instance by boards of physicians connected with the territorial insurance institutions, and must be confirmed by a so-called "Pension Commission." Attached to each institution is a court of arbitration to which appeals from the decision of the commission may be made. This body consists of five members, a state judicial official as chairman, two experts appointed by the government and one elected representative each of the employers and the workmen respectively. The decision of this body is final. All applications for compensation must be made within one year from the date of accident.

Pensions and other payments of insurance institutions are made monthly by means of post-bank checks. The law, unlike that in Germany, permits the settlement of claims by a lump sum to the pensioner, provided the charity officials of the town consent. It further discontinues the pensions totally or partially when the recipient engages in remunerative employment.

The Austrian law differs chiefly from the German in the manner in which the funds necessary for the maintenance of insurance institutions are raised. In the first place, workingmen contribute. The employers pay all the cost, but are permitted to deduct 10 per cent from the wages of their employes. This serves to compensate the employers for the short waiting period at the end of which the injured workman begins to receive payment from the insurance institutions. This period is four weeks, instead of 13 as in Germany. The insurance and the premiums are on the capitalized value system instead of on the assessment plan as in Germany. That is, the year's premiums are intended to include provision for a reserve sufficient to cover all annuities accruing because of the accidents of the year.

Premiums are computed according to the hazard, the various industries being divided by law into 12 classes, each of which is still further subdivided. Two additional classes, A and B, embracing the smallest hazards, were added by the amendment of 1894. The following are the coefficients of the twelve main classes and the two additional classes in force at the present time:

TABLE 28.—CLASSIFICATION OF INDUSTRIES BY HAZARDS, IN THE TERRITORIAL ACCIDENT INSURANCE ORGANIZATIONS

Class	*Coefficient*
A	1—3
B	3—5
I	4—8
II	7—11
III	10—14
IV	13—19
V	16—24
VI	20—30
VII	25—37
VIII	31—47
IX	39—57
X	48—70
XI	59—87
XII	73–100

According to this plan, each industry is assigned to one or other of the 14 classes, individual establishments later being assigned their specific coefficient within their class by the insurance institution of their district.

The unit contribution, namely, the contribution corresponding to the coefficient 1 of the tariff, was originally fixed by the government at 0.0567 per cent of the annual wages paid in the establishment. This rate was in force for all companies from 1889 to 1897. On July 1, 1897, the Vienna association advanced the rate 10 per cent and this advance was followed later by the institutions at Prague and Lemberg. The rate was in this way raised to 0.0624 per cent of the wages. In spite of the increase, a considerable deficit, from the actuarial standpoint, was still apparent in the institutions at the close of each year, and in 1900 rates were raised still further.

Because of different conditions prevailing in the several districts, each of the seven institutions was permitted a rate of its own as follows:

TABLE 29.—RATES OF CONTRIBUTION IN THE SEVEN TERRITORIAL INSURANCE ORGANIZATIONS

District	*Per cent of wages*
Vienna and Prague	0.0781
Salzburg	0.0670
Brunn	0.0610
Graz	0.0567
Trieste	0.0602
Lemberg	0.0710

Table 30 gives rates for each danger class in the insurance institutions of Vienna and Prague worked out by these coefficients.

TABLE 30.—RATES OF CONTRIBUTION FOR EACH DANGER CLASS

Danger Class	Coefficient	Per Cent of Wages	Danger Class	Coefficient	Per Cent of Wages	Danger Class	Coefficient	Per Cent of Wages
A	1	0.08	IV	13	1.02	IX	39	3.05
	2	0.16		16	1.25		48	3.75
	3	0.23		19	1.48		57	4.45
B	3	0.23	V	16	1.25	X	48	3.75
	4	0.31		20	1.56		59	4.61
	5	0.39		24	1.87		70	5.47
I	4	0.31	VI	20	1.56	XI	59	4.61
	6	0.47		25	1.95		73	5.70
	8	0.62		30	2.34		87	6.79
II	7	0.55	VII	25	1.95	XII	73	5.70
	9	0.70		31	2.42		87	6.79
	11	0.86		37	2.89		100	7.81
III	10	0.78	VIII	31	2.42			
	12	0.94		39	3.05			
	14	1.09		47	3.67			

On this basis, the unit contribution, corresponding to the coefficient 1 for the insurance institutions in Vienna and Prague, is 0.0781 per cent of the annual wages paid in the establishment. Higher coefficients carry higher contributions in exact proportion. An establishment of Class IV, for example, whose coefficient was the mean for that class, namely, 16, would be taxed 16 times 0.0781 per cent, or at 1.2496 per cent of the wages. If the payroll of this establishment for the year was $10,000, the contribution from the establishment would be $124.96. These rates are now in force, the revision of 1905 having preserved the figures for 1900.

It is to the interest of each employer to cut down the number of accidents in his establishment, as his annual contribution may then be appraised on the basis of a lower danger coefficient. This is the chief factor in the campaign of accident prevention in Austria, insurance institutions not being permitted to make preventive regulations, as is the case in the trade associations of Germany.

Under the capitalized value system, the adequacy of the

reserve fund is, of course, of the greatest consequence. According to the law, each insurance institution must annually set aside a sum for the reserve, the amount of which is fixed by the Minister of the Interior. The surplus, if any, accruing each year is also applied to the same fund; but the total reserve must, in any case, amount to more than 10 per cent of the funds necessary to cover the liabilities of the insurance institution. Of the annual additions to the fund, two-thirds must be applied to the establishment of a special reserve fund for the institution itself, and one-third to a common fund for all institutions.

The amendment of July 20, 1894, which went into effect January 1, 1895, extended the provisions of the law to the classes already indicated. About 200,000 additional employes, engaged in 10,000 undertakings, were added. It also provided that all persons employed by railways and therefore subject to the liability law of 1869 should receive compensation up to the full value of yearly wages instead of being limited to 2400 kronen ($480) as in other trades. These employes also pay no contributions to the railway trade association, and when injured, receive considerably higher benefits than employes of other classes. For disability, compensation was increased one-half, namely, to 90 per cent of their annual wages; for permanent invalidity, to 120 per cent; while in case of death, dependents may receive pensions aggregating two-thirds of the annual earnings.

This amendment, moreover, made possible the extension of insurance on a voluntary basis. Proprietors of establishments subject to the law were permitted to insure themselves and others of their staff in the insurance institution of their district. On the other hand, employers in establishments exempt from compulsory insurance were permitted to insure their entire force under one collective policy. Very little, however, has resulted from this provision.

The first obligatory accident insurance law went into effect in November, 1889. The government statistics begin, therefore, with the year 1890. The last government report at present available is that of 1906, giving the results of 16 years of continuous operation. Table 31 indicates the growth of the system in number of establishments, persons insured, and in payrolls.

TABLE 31.—NUMBER OF INDUSTRIAL AND AGRICULTURAL ESTABLISHMENTS, AVERAGE NUMBER OF INSURED EMPLOYES AND AMOUNT OF WAGES

Year	Number of Establishments			Average Number of Employes Insured			Wages Insured (*Million Kronen*)		
	Industrial Establishments	*Agricultural Establishments Using Motors*	*Total*	*Industrial Establishments*	*Agricultural Establishments Using Motors*	*Total*	*Industrial Establishments*	*Agricultural Establishments Using Motors*	*Total*
1890	53,193	78,133	131,326	893,324	338,494	1,231,818	470.52	3.36	473.88
1895	81,516	134,257	215,773	1,381,307	495,887	1,877,194	866.66	7.98	874.64
1900	94,327	193,563	287,891	1,693,600	678,613	2,372,213	1,160.19	10.70	1,170.89
1902	103,114	255,203	358,317	1,722,925	812,592	2,535,517	1,204.87	10.87	1,215.74
1904	108,033	264,470	372,503	1,874,391	812,611	2,687,002	1,336.67	11.02	1,347.69
1905	109,185	299,437	408,622	1,913,008	893,215	2,806,223	1,387.98	12.05	1,400.03
1906	113,691	311,385	425,076	2,011,063	907,616	2,918,679	1,506.32	12.76	1,519.08

While the number of establishments and of workingmen insured has increased continually, it is clear from the above figures that the insured still form a relatively small portion of the wage-earning population. It must be remembered, however, that Austria is not an industrial country like Germany. The greater part of the 10,000,000 wage-earners are engaged in agriculture, and of these, only those employed where steam or other motive power is used, are insurable.

A relatively large number of the insured are women. In 1906, they formed 21.1 per cent of the total and their proportion is constantly increasing. In agriculture it is much higher, and in some districts they actually outnumber the men.

Before proceeding to a discussion of accidents, attention should be directed to an interesting device by which the Austrian authorities have made possible a comparison of accident rates in various industries. In agriculture, for instance, work where steam or other motive power is used is of a temporary character and the number of accidents is correspondingly small. It would therefore lead to confusion to compare accident statistics of agriculture with those of other fields where employment is more regular. The authorities accordingly have converted the total

number of insured in any one industry into a corresponding number of full-time workers; namely, those working 300 days a year. In making reports, establishments are required to indicate, not only the number of workmen in their employ, but also the length of employment of each. By dividing by 300 the total number of days' work done in the establishment the total number of full-time workers is obtained. In this way, the 2,918,679 insured persons for 1906 are reduced to 1,726,823 full-time workers. With the corresponding figures for individual trades, it is then possible accurately to compare the rate of accidents in the different industries, even though they differ in the number of days of operation during the year.

Table 32 gives the number of accidents of all kinds reported during certain years, as well as the rate per 10,000 full-time workers.

TABLE 32.—TOTAL NUMBER OF ACCIDENTS AND NUMBER PER 10,000 FULL-TIME WORKERS, 1890–1906

Year	*Number of Accidents*	*Per 10,000 Full-time Workers*
1890	16,041	194.9
1895	54,562	448.4
1900	80,534	550.7
1902	84,003	566.3
1903	88,155	580.5
1904	99,744	619.8
1905	103,735	630.4
1906	109,118	631.9

As in Germany and other countries, accidents have increased out of all proportion to the increase in the number insured. This, as in other countries, may in all probability be explained by the more careful reporting of accidents, the greater complexity of machinery and the more arduous character of the employment, though also in some degree by simulation.

The above figures represent reported accidents. Of the 109,118 for 1906, 77,649, or over 71 per cent, led to injuries of a temporary character, lasting less than four weeks. These were cared for by sickness insurance societies. The remaining 31,469 disabilities lasted over four weeks and were subject to compensation under the accident law. Table 33 shows conditions in this regard since 1890.

TABLE 33.—NUMBER OF ACCIDENTS AND NUMBER PER 10,000 FULL-TIME WORKERS REQUIRING AND NOT REQUIRING COMPENSATION, 1890–1906

Year		Requiring Compensation						Total Not Requiring Compensation	
		Fatal		Not Fatal		Total			
		Number	Per 10,000 Full-time Workers	Number	Per 10,000 Full-time Workers	Number	Per 10,000 Full-time Workers	Number	Per 10,000 Full-time Workers
1890	. .	548	6.7	6,193	75.2	6,741	81.9	9,300	113.0
1895	. .	835	6.8	15,560	127.9	16,395	134.7	38,167	313.7
1900	. .	1,003	6.8	22,036	150.7	23,039	157.5	57,495	393.2
1902	. .	901	6.1	24,412	164.6	25,313	170.7	58,690	395.7
1903	. .	909	6.0	24,550	161.7	25,459	167.7	62,696	412.8
1904	. .	1,037	6.4	26,575	165.2	27,612	171.6	72,132	448.2
1905	. .	1,111	6.8	27,676	168.2	28,787	175.0	74,948	455.4
1906	All associations	1,089	6.3	30,380	175.9	31,469	182.2	77,649	449.7
	Territorial associations	878	5.9	26,026	174.4	26,904	180.3	61,093	409.5
	Railroad associations	211	9.0	4,354	185.3	4,565	194.3	16,556	704.7

The greatest increase has been in accidents inflicting injuries of a temporary character and, therefore, except for temporary benefits from sickness insurance, not open to compensation under the law. Fatalities have remained nearly stationary, and although accidents resulting in incapacity have increased since 1890, the increase is much less marked than that for accidents not open to compensation. Comparing the above figures with those of Germany, we find much the same conditions in both countries. For 1906, we obtain 370 reported accidents per 10,000 insured (not full-time workers) for Austria, and 311 reported accidents per 10,000 insured in Germany. The increase in the number of accidents receiving compensation has been also at about the same rate in the two countries, that for Germany being 220 per cent from 1890 to 1906, and that for Austria 212 per cent during the same period.

The most striking difference is in the relative number of compensated accidents in the two countries. Comparing the figures given by the two governments for 1906, we obtain 66.7 compensated accidents per 10,000 insured in Germany* and 182.2 per 10,000 full-time workers for Austria. In this form, however, the Austrian figures are not strictly comparable with those of Germany as the 10,000 in Austria are full-time and not insured workers. Making the necessary corrections, the figures for Austria become 107.95 per 10,000 insured. The fact that there were 41 fewer compensated accidents per 10,000 insured in Germany in 1906 may, however, be due largely to the difference in the waiting period in the two countries, German trade associations being relieved of the necessity of compensating the large number of injured whose incapacity does not continue beyond 13 weeks, and Austria only of those whose incapacity does not continue beyond four weeks.

Table 34 gives the number of insured full-time workers and the relative accident rates for 56 different industries under the law, in the course of the year 1906.

TABLE 34.—NUMBER OF FULL-TIME WORKERS INSURED AND PROPORTION OF ACCIDENTS FOR 56 INDUSTRIES, 1906

Manufactures, Trades, Industries	*Number Full-time Workers Insured*	ACCIDENTS PER 10,000 FULL-TIME WORKERS		
		Reported	*Incapacity*	*Death*
1. Agriculture and forestry (using motors)	35,841	391.2	220.4	10.3
2. Mills	20,255	374.2	164.4	10.9
3. Railroads	240,360	897.3	184.0	8.9
4. Inland transportation	29,669	848.7	306.4	12.5
5. Water transportation	5,946	856.0	269.1	21.8
6. Warehouses	11,312	716.9	267.8	6.2
7. Foundries and allied industries	35,843	2,512.6	404.3	10.0
8. Quarries	28,921	873.1	384.8	27.3
9. Pits	3,131	702.7	300.2	47.9
10. Stone works	17,355	538.7	194.7	7.5
11. Earth works	70,527	279.5	99.3	5.5
12. Glass works	32,389	305.0	78.1	1.2
13. Precious metal works	2,842	233.3	41.8	..
14. Iron and steel	65,846	975.5	218.8	2.0
15. Rough metal and alloying works	27,990	550.6	138.6	0.7

*See Table 16, page 103.

TABLE 34 (continued). — NUMBER OF FULL-TIME WORKERS INSURED AND PROPORTION OF ACCIDENTS FOR 56 INDUSTRIES, 1906

Manufactures, Trades, Industries	*Number Full-Time Workers Insured*	Accidents per 10,000 Full-time Workers		
		Reported	*Incapacity*	*Death*
16. Machines, tools, instruments and apparatus	69,136	1,489.7	348.6	3.0
17. Means of transportation	22,149	1,655.6	347.2	2.7
18. Firearms	4,032	704.4	166.2	4.9
19. Physical and surgical instruments	14,786	988.8	173.1	2.0
20. Musical instruments	2,860	356.6	143.4	3.5
21. Use of motors for transportation and transfer of power	1,711	239.6	76.0	5.8
22. Factories of chemical products	10,808	416.4	156.4	6.5
23. Dye stuffs and dyes	4,690	380.0	104.5	..
24. Tar and rosin	1,969	614.4	167.6	20.3
25. Explosive materials	3,866	364.7	64.6	5.2
26. Inflammable materials	4,776	113.1	71.3	2.0
27. Manure and fertilizer	2,533	493.5	146.1	11.8
28. Heat and light materials	17,914	520.3	145.1	3.9
29. Oils and fats	3,018	649.4	178.9	16.6
30. Lighting and heating	5,896	524.1	103.4	13.6
31. Silk	19,701	74.1	20.3	..
32. Wool and other animal fibres	63,775	189.7	63.5	1.7
33. Flax, hemp, oak, jute	32,905	170.8	68.4	1.8
34. Cotton and shoddy	127,972	133.9	54.2	0.6
35. Bleaching, dye works, printing and finishing	34,595	318.5	104.1	2.0
36. Embroidery, lace weaving, etc.	25,206	67.8	22.6	0.4
37. Paper making, etc.	32,644	431.6	148.3	3.3
38. Paper works, excluding paper making	15,360	331.4	115.9	0.6
39. Leather and substitutes	15,126	415.2	163.9	7.3
40. Manufacture of leather goods	1,549	187.2	25.8	..
41. Gum, gutta percha and celluloid	5,053	387.9	73.2	..
42. Manufacture of wood stuffs	68,915	831.4	379.5	12.0
43. Manufacture of woven stuffs and brushes	752	266.0	79.8	..
44. Manufacture of horn and meerschaum	5,430	267.0	86.6	..
45. Vegetable and animal food stuffs	71,506	445.1	155.6	5.5
46. Liquors	51,501	569.5	182.7	5.4
47. Tobacco	36,531	52.3	14.5	..
48. Clothing	33,136	156.9	32.0	0.6
49. Cleaning	7,856	194.8	59.8	2.6
50. Building works	161,849	830.9	237.0	11.2
51. Construction works	35,556	790.3	298.4	17.2
52. Allied building trades	24,070	637.3	194.0	5.0
53. Scaffolding for building	5,400	348.1	111.1	9.3
54. Polygraphic trades	30,481	236.2	60.7	1 0
55. Theatrical undertakings	5,406	67.4	25.9	..
56. Voluntarily insured	16,172	203.4	71.1	8.0
Total	1,726,824	631.9	175.9	6.3

As a result of the above accidents and those of preceding years, there were in force in 1906, 89,354 permanent pensions, with a total annual value of 16,783,905 kronen ($3,356,781). Table 35 shows the growth of these pensions in number and value.

TABLE 35.—NUMBER AND AMOUNT OF CURRENT PERMANENT PENSIONS, 1897–1906

Year	*Number*	*Amount (Kronen)*
1897	26,252	4,313,404
1900	47,920	8,391,976
1902	62,948	11,406,756
1904	75,848	13,945,689
1905	81,496	15,163,108
1906	89,354	16,783,905

Of these 89,354 pensions in 1906, 69,531 were payable to workmen permanently incapacitated either completely or partially, the average amount of each being 193.6 kronen ($38.72); 8089 were pensions to widows for an average amount of 208.6 kronen ($41.72) and 10,894 to children for an average amount of 138.8 kronen ($27.76); and finally, 840 were to surviving parents for an average amount of 146.8 kronen ($29.36). The Austrian law does not give sick benefits or medical or hospital treatment to injured workmen except, as stated, through sickness insurance societies. The main item is for pensions, but the cost of burial is also paid and lump sums are given to widows upon remarrying. Table 36 gives the value of these various items for 1904, 1905, and 1906.

TABLE 36.—AMOUNT OF BURIAL BENEFITS AND PENSIONS PAID, 1904–1906

Kinds of Benefits and Pensions	1904 (*Kronen*)	1905 (*Kronen*)	1906 (*Kronen*)
Burial expenses	48,524	49,980	51,982
Pensions to dependents:			
Widows	1,338,925	1,470,497	1,636,653
Children	1,276,357	1,359,196	1,479,214
Parents	104,650	116,879	118,369
Pensions to injured workmen:			
During medical treatment	3,294,368	2,441,659	2,506,114
After medical treatment	13,905,590	16,477,828	18,046,824
Lump sums to widows remarrying, etc.	526,063	591,768	535,818
Total	20,494,477	22,507,807	24,374,974

During 1906, 12,824 permanent pensions were added to the total. Of these, 10,010 were to workmen permanently incapacitated and 2814 to survivors of those fatally injured. Table 37 classifies these under their various heads and gives the average value of the annual pensions received.

TABLE 37.—NUMBER OF PENSIONERS, AVERAGE ANNUAL PENSION AND PER CENT OF WAGES, 1906

	Territorial Associations			Railroad Associations			All Associations		
Character of Pension	*Number of Pensioners*	*Average Annual Pension (Kronen)*	*Average Per Cent of Wages*	*Number of Pensioners*	*Average Annual Pension (Kronen)*	*Average Per Cent of Wages*	*Number of Pensioners*	*Average Annual Pension (Kronen)*	*Average Per Cent of Wages*
To dependents:									
Widows . . .	597	167.87	17.79	302	365.00	26.26	899	234.09	21.41
Children . . .	1,245	104.52	11.00	594	230.35	16.77	1,839	145.16	13.36
Parents . . .	55	134.13	16.48	21	206.03	22.96	76	153.99	18.40
Total to dependents	1,897	125.31	13.28	917	274.13	20.04	2,814	173.81	16.06
To permanently injured workmen completely incapacitated:									
[illegible]	262	469.55	60.00	185	1,322.74	83.31	447	822.66	73.50
[illegible] to [illegible] . . .	592	348.02	47.20	194	952.59	64.21	786	497.24	53.98
[illegible] " " . . .	462	299.17	38.53	109	610.69	49.25	571	358.63	41.46
[illegible] " " . . .	931	222.52	28.07	191	506.89	35.47	1,122	270.93	30.07
[illegible] " " . . .	2,610	131.33	16.24	227	292.21	20.32	2,837	144.20	16.78
[illegible] " " . . .	4,153	65.86	7.32	94	102.30	9.07	4,247	66.67	7.37
Total to injured . .	9,010	143.25	17.01	1,000	668.84	47.03	10,010	195.76	21.75
Total pensions . .	10,907	129.27	16.30	1,917	480.03	34.38	12,824	190.94	20.32

As has been pointed out, the managers of the insurance institutions must set aside the capitalized values of future pensions as a liability. These sums, together with cost of management and indemnities noted above, are the total disbursements for the year. Table 38 gives the figures for 1904, 1905 and 1906.

TABLE 38.—TOTAL DISBURSEMENTS OF INSURANCE ASSOCIATIONS, 1904–1906

Kind of disbursements	1904 (*Kronen*)	1905 (*Kronen*)	1906 (*Kronen*)
Indemnities	20,494,477	22,507,807	24,374,974
Cost of collection, trade inspection, court of arbitration and management expenses	3,363,506	3,517,365	3,847,767
All other expenditures	626,611	682,340	1,398,913
Capital set aside to meet future pensions	17,967,582	33,179,384	22,672,894
To special reserve fund	9,230	12,311	347,489
Total	42,461,406	59,899,207	52,642,037

Of considerable interest are the figures under the general head of management expenses. For the year 1906, these reached the sum of 3,847,767 kronen ($769,553), or 10.2 per cent of the total contributions and 16 per cent of indemnities paid. Table 39 shows the ratio of this item to contributions and indemnities since the beginning of operations.

TABLE 39.—RATIO OF MANAGEMENT EXPENSES TO CONTRIBUTIONS AND INDEMNITIES, 1890–1906

Year	*Per Cent of Contributions*	*Per Cent of Indemnities*
1890	9.7	180
1895	10.9	33
1900	9.2	18
1902	10.6	17
1904	10.7	16
1905	10.4	16
1906	10.2	16

The seven district insurance institutions and the railway association, together, received during 1906, 37,710,217 kronen ($7,542,043) in premiums. To this sum must be added other

items, including interest and income from other sources, making a total income of 45,080,681 kronen ($9,016,136). Table 40 gives the figures for the years 1904, 1905 and 1906 under their several heads.

TABLE 40.—PREMIUMS, INTEREST AND OTHER INCOME OF INSURANCE ASSOCIATIONS, 1904–1906

Income.	1904 (*Kronen*)	1905 (*Kronen*)	1906 (*Kronen*)
Premiums	31,405,253	49,155,121	37,710,217
Interest	4,886,405	5,366,677	6,177,235
From variations in exchange rate	238,282	275,417	1,053,054
All other incomes	194,074	175,580	140,175
Total	36,724,014	54,972,795	45,080,681

Comparing the total income (Table 40) and total disbursements (Table 38) required under the system of capitalizing pensions we find an annual deficit of no small proportions for each of the three years. In 1904, it amounted to 5,746,106 kronen ($1,149,221); in 1905 to 5,088,213 kronen ($1,017,643); and in 1906 to 7,561,356 kronen ($1,512,273). While the amount of the deficit varies in the several districts with the efficiency of the management, this unsatisfactory financial condition is looked upon as a fundamental weakness in the Austrian accident insurance system. At the close of 1906, the total uncovered liabilities for all institutions reached the enormous figure of 68,022,280 kronen ($13,604,456).

This state of affairs is clearly due to the rates of premium charged, which, in spite of the several advances already referred to, are still too low to set up a sufficient reserve. For several years, the authorities have had enough statistical data in their possession to enable them to fix adequate rates, but they have been opposed in every move by the concerted efforts of the employers. As in Germany, the latter do not see why they should pay vast sums in excess of current requirements to maintain the capitalized values. They do not profess, however, as do the German employers, to be willing to cover deficiencies as they develop,

but they argue that the government should make these deficiencies good.

This policy of the employers is clearly short-sighted, as they will later be compelled to increase their rates heavily whereas they could now do it gradually. Their attitude, moreover, leads to undermining the unquestioned advantages of the "capitalized value" system; for by maintaining the solvency of their institutions they could obtain accurate knowledge of the cost of each accident, and thus conduct their affairs on a much more business-like basis. The cost of accident insurance would thus be borne by those who are at the present time responsible for the accidents and not by future members of the institutions. Table 41 shows the financial condition of the insurance institutions for the years 1904, 1905 and 1906.

TABLE 41.—ASSETS AND LIABILITIES OF INSURANCE ASSOCIATIONS, 1904–1906

	1904 (*Kronen*)	1905 (*Kronen*)	1906 (*Kronen*)
ASSETS:			
In stocks and bonds (including interest)	102,105,190	111,861,662	125,177,667
In realty	5,692,148	5,783,670	6,425,849
In mortgages	15,097,158	15,280,304	16,587,014
Unpaid contributions	24,171,662	41,539,075	29,617,976
Uncovered deficiencies	55,534,512	60,460,923	68,022,280
LIABILITIES:			
Reserve fund for survivors	24,843,897	27,542,460	30,230,117
" " for incapacitated	172,450,253	202,939,806	222,925,043
Pension fund	1,903,601	2,228,080	2,473,501
Fund for loss in exchange	1,461,767	1,348,169	484,796
Special reserve fund (railroads only)	123,717	118,245	115,735

During the year 1906, 8,773 disagreements arose which together with unsettled claims of preceding years, made a total of 10,210 cases. The following table presents the operations of the courts of arbitration.

There was thus in 1906, one appeal for about every three accidents entitling the injured to compensation. While the amount of litigation is still very large, a constantly increasing number of appeals are settled in favor of workingmen.

TABLE 42.—DISPOSITION OF CASES BY COURTS OF ARBITRATION, 1904–1906

	1904	1905	1906
Actions discontinued	515	531	714
Cases dismissed because of lack of jurisdiction	246	250	233
Cases settled through verdict of court:			
Rejections	4,403	4,111	4,416
Requests granted	2,831	3,340	3,733
Cases still pending at close of year	1,237	1,437	1,114

The latter are, however, far from satisfied with the present conditions and demand the establishment of a final court of appeals, as in the German system.

VI

INSURANCE OF EMPLOYERS FROM THE STANDPOINT OF PUBLIC POLICY

IT was in 1884, as we have seen, that the first obligatory insurance law based on the principle of workmen's compensation was passed in Germany. Since then, the progress of the acceptance of the theory of workmen's compensation for the consequences of industrial accidents throughout the civilized world has been remarkable both for its rapidity and thoroughness.

Starting with the system of compulsory insurance in Germany, which was thoroughly mutual in character and for which the government accepted no responsibility except to supply the compulsion and to supervise the management, the principle first extended to Austria, where it developed into a scheme in which the government took part in the management and assumed the responsibility of seeing that the mutual societies maintained themselves solvent. From Austria, it extended to Norway where it became state insurance, monopolizing the entire field.

Thereupon came a revulsion. The movement had proceeded as far in this direction as it could, notwithstanding the evident advantages of the Norwegian system in economy, comprehensiveness and thoroughness. The next countries to take up the subject, Denmark and Great Britain, introduced "workmen's compensation" statutes into the bodies of their laws without making insurance compulsory. Denmark, to be sure, supplied a system of state adjustment of losses which gave an unusually large measure of supervision to the state. Great Britain established merely the principle, leaving its working out to the arbitrament of free competition.

A few years later, Belgium, Holland, Finland, Italy, Russia, France, and Spain followed, one after the other, some of them introducing state insurance merely as a means of helping to solve

the problem, and all of them, with the exception of Holland and Italy, leaving the matter whether an employer should insure or not to his own discretion. Last of all, Sweden, following Holland, introduced a system wherein it placed a state institution in direct and, so far, successful competition with private companies. This it did with the evident intention of absorbing the entire business and making it a monopoly as in Norway, as soon as private corporations had been driven out by competition.

In all of these countries, there is now observable a strong disposition to compel employers to insure and either to foster the establishment of a state insurance department as a monopoly or else to create other obligatory insurance institutions, conducted under the supervision of the state.

There are adequate reasons why the evolution of workmen's compensation laws protecting employers and employes against the consequences of industrial accidents, should have taken this particular course. The revulsion against compulsion and state insurance, which began immediately after Norway had made its system a monopoly, was undoubtedly due to the suspicion of employers that it might be an opening wedge for the state to suppress various business activities and replace them with government monopolies, on lines usually denominated "state socialism." This was considered contrary to the recognized principles of state or national polity, and so far as their influence was concerned, business men and employers generally opposed anything which looked to them like "state socialism." Now, after the laws in each of these countries have been in operation for several years, it is instructive to observe that the currents are setting toward an amended German system; namely, enforcing the obligation upon employers, but leaving them free to insure in any solvent company, stock or mutual, or with the state, if the latter creates a department, or, as proposed in Switzerland, in a state department only. As yet no country except Germany requires insurance to be in mutual associations of employers. It is not probable, as already mentioned, that the German system would be satisfactory in countries which, like Norway, are neither large enough nor sufficiently developed industrially to enable such mutual associations of various kinds to operate successfully.

All these systems are constantly being subjected to critical and comprehensive investigation, especially as to results in:

First, economy. In this regard, it is not demonstrated that state insurance, even when it is a government monopoly, is necessarily more economically conducted than insurance in mutual or stock companies supported by compulsion and under state supervision. Compulsion greatly reduces but does not wholly obviate agency expenses, when there is free choice of companies. All systems without compulsion—with the possible exception of the state department of Sweden—are less economical and impose a materially larger burden upon the interests of the country, in the form of unnecessary advertising and other expenses due to competition for the business.

Second, efficiency. This head embraces many sub-heads; but chief and most important, from the standpoint of the political economist or statesman, is the question whether all damages caused by industrial accidents are promptly and adequately compensated. Obviously, all voluntary systems fail at this point; and even when, as in Italy, insurance is a compulsory system combined with freedom of choice as to the institution, it may also be defeated, either by inequity of adjustment of claims or failure of insurance institutions or both. While the results of such failure may be provided against, as in France, by a government guarantee given in consideration of a small additional premium, there are manifestly many uncertainties connected with a voluntary system. On the contrary, state insurance carried on as a monopoly, and compulsory insurance through associations of employers, or by private companies under government guarantee, supply, when properly conducted and supervised, certainty of indemnification and freedom from discrimination which make for the greatest possible efficiency.

Third, the encouragement of more comprehensive protection. State insurance, conducted as a monopoly, can readily claim to have been as successful as compulsory insurance subject to governmental supervision, and it has unquestionably exceeded all voluntary systems in this respect.

If certain other questions of public policy are considered, however, mutual insurance associations under government com-

pulsion and supervision as evolved in Germany have been more successful than any other system. It is plainly to the advantage of the state and its citizens that, once the principle of protection of workingmen against industrial accidents is introduced, it should be extended as quickly as possible to cover sickness not arising from accident, means of cure, support to those disabled through disease, and provision for old age and for dependents when the workingman dies from whatever cause. This, Germany has accomplished through its comprehensive system of insurance not only against accident but against sickness and invalidity.

The great development of sickness insurance societies which give prompt attention with hospital treatment and immediate relief to the family, whether the workingman is disabled by disease or accident, has been from the beginning the important feature of the German system, and is a feature not found in anything like the same perfection in any other country. The very existence in Germany of a body of permanently disabled men in receipt of an annuity granted as an indemnification, indicated the need of providing benefits for permanent invalidity due to other causes. The success of sickness insurance schemes to which employers and employes were both contributing, suggested the desirability of developing a system against invalidity on the same lines of joint contribution, the idea being that thereby it would not become necessary to attempt the almost impossible task of adding occupational diseases to the list of causes against which accident associations insure. Insurance against invalidity or total disability, and old age, which have grown to enormous proportions in Germany, were therefore a direct outgrowth of the system of mutual associations of employers, under state compulsion and supervision.

Fourth, prevention. It must be conceded that the number of accidents has not been greatly reduced as the result of insurance in stock companies. It is true, however, that as this system develops and competition becomes more severe, concessions in rates are given to certain establishments which make a record for low loss ratios because they employ exhaustive means of prevention. The stock company has been satisfied to fix its rates at a point where it can make money, and as a

rule has no further interest. Moreover, if it were to bestir itself about prevention, its activity in many cases would be misunderstood, as it would be regarded as an unwarranted intrusion and therefore resented instead of welcomed.

Mutual associations, even where there is no compulsion to insure, have often done good work in the direction of prevention. This is particularly true when societies, contributed to either by employes or otherwise, have been organized in connection with only one industry, a few related industries, or at most a limited number of precisely the same character, with a view to reducing losses, and thus, the cost. In some cases, such an association has been of great utility in the matter of prevention, the intelligent caution of one or more of the employers extending throughout the membership. Some mutual societies, however, have made but little progress in this regard or have scarcely attempted to enter the field.

In Denmark, where insurance is entirely in private companies and associations, the state, through its monopoly of the adjustment of claims for compensation, has supplied itself with statistics and intimate knowledge concerning the consequences of this or that neglect of proper precaution to protect life and vigor. The result has been an appreciable increase in the matter of prevention, which is reflected in the rates of premium. Mutual associations of employers have availed themselves also of preventive devices to a large degree in order to reduce the cost of insurance. Stock companies, likewise, have been thoroughly alive to the value of the work of the state and have utilized the published statistics in fixing competitive rates of premiums.

In Italy, the department of prevention is almost wholly in private hands. As a substitute for the certificate of its own factory inspectors, the government accepts that of an association of employers which extends over the country and undertakes to introduce the most adequate means of prevention. By cooperation with the central mutual association of employers, conducted under the supervision of the state and in which all employers who do not insure elsewhere must be insured, much has been done in recent years to cause the adoption of safety appliances and improvements.

Where state insurance is carried on in competition with private companies, both stock and mutual, and even where it has had some measure of success, little has been done in the matter of prevention. Undoubtedly, the calculation of adequate premium rates by the Swedish insurance department, maintenance of sufficient reserves and the like, are affording encouragement in that country to the movement in favor of safety appliances; but under the rigor of a competitive system, with the necessity to please the employer in order to get his patronage, the department cannot exercise much influence in this direction. Yet, aside from the mere pressure of discrimination in rates, not much has been accomplished in Norway, where state insurance is a government monopoly, with nothing to fear from private competition. Co-operation with the government department of inspection has not been effectual in penalizing the absence of safety devices, nor has it caused them to be introduced, either through rigid classification or by direct interference of the state. On the contrary, a more or less controlling disposition exists in one state department not to interfere with another, however closely related to it. It thus seems improbable that there will be great effectiveness in the matter of prevention in state insurance departments, operated as monopolies or in competition with private companies, until factory inspection is united with the other functions of such a department. Whether this would otherwise be a good thing or not will not be here discussed. In view of the jealousy of other co-ordinate state departments, their co-operation would be likely to be feeble and occasional.

On the other hand, in Germany, where insurance against the consequences of industrial accidents is entrusted to mutual associations of employers under the compulsion and supervision of the government, there is the greatest possible incentive to enforce effectual means of prevention. Employers cannot escape insuring in these associations. They have no appeal to the government and political influence would be of no avail. For an employer to escape high rates, others of the same class must be convinced that the statistics of their common association, relative to losses in the given establishment due to certain defects of me-

chanical equipment, are incorrect. Failing this, the individual establishment must equip itself with the latest and best safety appliances, or take the consequences in enhanced rates of premiums. The sympathy of other employers cannot be enlisted for the reason that their interests are adverse to those of the delinquent member. Each is anxious that he should not be burdened with additional premiums to make up for deficiencies in other employers' plants.

In addition, these associations are able to enforce rules, not merely for the installation and maintenance of proper machinery, but for superintendence and the conduct of employes. An interesting illustration of this is the rule in the metal worker's trade that employes must not wear their trousers inside their boot tops, so that in cases of accident the molten metal may run down the outside instead of down the inside. A cardinal rule of virtually all these employers' associations is that, whenever a new plant is constructed or a new machine installed, it must have all the latest and most approved safety appliances. These insurance associations may look with more or less indulgence at the continuation of a plant or machine, with such improvements as may be absolutely necessary, without requiring it to be rebuilt in order to introduce the latest; they exhibit no such patience as regards the installation of a new plant or machine.

In Austria, where accident insurance associations are organized by districts instead of by classes of business and the management is bureaucratic instead of representative, the influence upon prevention is much less.

While all the foregoing considerations are important, and while it appears from the above review that the German system of mutual associations of employers has done the best work, there is another consideration of even greater importance; namely, the effect, if any, which this form of insurance has had upon the efficiency of human labor.

A priori, it is supposed by many that all of these aids render workingmen less efficient. This theory is based upon the argument that workingmen are less independent when freed from the necessity to work hard, continuously and even anxiously.

It is urged that everything done to make a man feel that he or his family can or will be taken care of without cost to himself, breaks down his self-respect and removes the greatest known incentive to unremitting labor. To this, before the experiment had been tried, the reply might have been made, that provision for the maintenance of the victims of our modern industrial system would have no influence upon those not victims, except to encourage them, and to remove the dread of misfortune not caused by one's own misconduct which confuses and prevents a man seeing clearly that success is due to effort and failure to want of effort.

It is not now necessary, however, to meet these a priori arguments with such reasoning. The experience of the last quarter century has proved conclusively that the point of view is wrong. The system, which has been vigorously denounced as "state socialism" and "paternalism," has given no such result. In those countries, particularly in Germany, in which this system of social justice has reached the greatest development, labor has become the most efficient. This fact has recently been recognized even in Great Britain, which for many years had failed to appreciate it. It is not possible to deny that, under the skilful direction which within the last quarter of a century has marked the development of German industries, the labor of the average workingman has become more and more effective every year, not merely absolutely but in comparison with that of other countries. This has been reflected in that nation's success in competition for the world's trade. The result is readily seen when one visits Germany and particularly German factories. They are "cleaned up," there is no waste and refuse lying about. To borrow a metaphor: The country, as represented by its factories and mills, is "well groomed." Everything is systematic and thorough; theory and experience work together as guides of the management; highly developed means and methods being employed to prevent accidents and safeguard workmen. The effect on the observer becomes more pronounced in visiting other countries where conditions similar to those found in so many places in the United States still prevail.

Undoubtedly, the growing sentiment among German work-

ingmen that they, with their families, cannot be destroyed by misfortunes not due to their own misconduct, has had much to do with bringing about the above result. It is acknowledged that the task is by no means complete, but an enormous improvement has been accomplished now that the average workingman knows that neither accident nor disease can ruin him and that his death or permanent disability cannot pauperize his family. The antithesis of this is shown in our own country where workingmen and their families are often transformed into tramps and paupers by the consequences of industrial accidents.

Thus far, the picture just shown of workingmen's insurance, as typified by mutual trade associations, has been a pleasant and inspiring one. There is, however, another side to the picture which should be accentuated here, in view of possible changes in legislation in the various states of the Union, particularly in view of the fact that commissions have been appointed to present working plans for the consideration of several state legislatures.

First of all, it must be understood that the principle of compulsion, or to use a better and more expressive term, the principle of obligation, has been universally accepted in Germany. That this should be the case with the authorities was assured. Bismarck and official Germany introduced the present legislation and have advanced and fostered it in the face of opposition and dissatisfaction for thirty years. In the beginning, the attitude of the German employer was one of forced resignation. Today he admits, and in most quarters, even claims, that the burden of cost laid upon him is just and one that industry should bear. No more significant illustration of this could be given than the demonstration made in 1908 at the Congress on Workingmen's Insurance at Rome. An employer of labor of the old school, an insurgent against the existing order, voiced a tearful protest against the drain made on the profits of industry and vehemently decried any possibility of further extension of compulsory insurance as giving the death blow to German industrial development. His remarks were received with laughter and ridicule, not only by delegates from other nations, but by his own colleagues. In Germany itself, not only individual employers, but representatives of trade associations and even officials of feder-

ations of mutual trade associations, expressed themselves as satisfied with the theory of the law as enunciated, and advocated its extension to other groups.

Workingmen likewise are satisfied with the underlying principle of this class of social legislation. It is well understood that Bismarck's primary idea in foisting this legislation on the German people, was to offset the so-called machinations of the Social Democrats. From one point of view he was successful. Representatives of social democracy not only admit the value of the present system, but laud it openly, and demand even more radical and revolutionary additions and amendments. Herr Simonosky, leader of the Social Democrats in Berlin, himself a stone mason and representative of the workingmen in the central council of the sickness insurance associations, declared that 600,000 workingmen in Berlin were in favor of the law, and the only criticisms they had to make were that the associations were prevented from using their funds for certain specific preventive purposes; that workingmen were not represented on boards or committees making awards in the first instance under the accident law; and finally, that compensation under the invalidity and old age law was pitifully small.

The second criticism may be considered first, since it brings out the fundamental weakness of mutual trade associations. Whatever these organizations may be from the standpoint of efficiency and prevention, from that of German workingmen they are associations of employers, in which the employe has no voice. It follows that there are many appeals from the decisions of employers to higher tribunals, such being permitted without cost to injured workmen, and even from these tribunals in which both employers and employes are represented many appeals are taken to the highest court, the Imperial Insurance Office. If the expense of this litigation and appeal now borne by the government, were to be included in the management costs of the mutual trade associations, the percentage would be considerably higher than the 8 to 12 per cent now required for their administration.

Furthermore, there can be little doubt that the present system leads to simulation, particularly of partial permanent inca-

pacity. As shown in another place, the cost of the earlier weeks of sickness or invalidity due to accident is borne in part by the employe; the latter weeks are entirely at the cost of the employer. An employe, after 13 weeks of sickness resulting from accident, has nothing to lose and everything to gain if he can make the mutual trade association pay all "that the traffic will bear." Even in sickness societies, when the employe contributes the greater part of the cost, a considerable amount of such malingering is ever present. It is not surprising, therefore, that it should prevail to a larger degree under the accident law, where the burden is assessed on the employer.

It has been repeatedly stated that nowhere has prevention of accidents reached so high a plane of development as in Germany under these compulsory mutual trade associations. And yet this can be attributed only in part to legislation itself. Some of the success belongs to German enterprise, thrift and character. In Austria, where the mutual associations are on territorial instead of on trade lines, the development of preventive measures and introduction of safety devices nowhere approaches the degree of perfection attained in Germany. This failure is ascribed to bureaucratic management. In fact, neither through the mutual associations nor government factory inspection has prevention progressed in Austria as it should. For this reason, there is much food for thought in regard to the prevention of accidents in the results obtained through the Federation of Sickness Insurance Societies in Vienna. Aside from the fact that sickness insurance is obligatory in Austria, these societies are in no sense government agencies. Having accepted the doctrine of obligatory insurance, Viennese workingmen of all shades of belief, race and prejudices, have voluntarily formed a federation of their respective sickness societies, an entirely extra-official body, through which medical service is given to the entire membership, individual sickness societies contenting themselves with collecting dues and paying sickness benefits.

This federation in Vienna is teaching a wonderful lesson in the prevention of accidents. Without compulsion of law, it is carefully tabulating its sickness experience, not only in respect to workingmen, but to employers as well. By its well

kept system of records, it is showing the employer through ways he would probably not utilize himself, and which no system of factory inspection could equal, precisely the number of cases of sickness due to accidents occurring in his establishment as a result of defective machinery, absence of safety devices, etc. The moral pressure of the federation is thus being brought to bear on the employer to induce him to remedy evil conditions in his industry and not only to minimize accidents but to improve the surroundings of the workmen from a hygienic and sanitary standpoint.

It is significant that Switzerland, in its recent attempt at accident insurance legislation, has discarded the German system. The Swiss are not novices at workingmen's insurance. The subject has been under consideration for thirty years and its legislators and officials have carefully studied every form of insurance in Europe. Yet, if the Senate passes the bill which has already been adopted by the lower house of parliament, Switzerland will not have mutual trade associations, but a monopolistic state department administering the accident insurance law through cantonal and local sickness societies. This may be due, however, as in Norway, to the fact that the nation is small and the creation of mutual associations of employers of the same class impracticable.

INSURANCE AGAINST SICKNESS AND DEATH

VII

SICKNESS INSURANCE

EVEN before any laws were passed in European countries, establishing the liability of employers for compensation for the consequences of industrial accidents, mutual sickness insurance societies were to be found practically everywhere. These were of several types:

(1) Private mutual societies composed of persons of various occupations. These societies were usually local with small memberships.

(2) Large federated or affiliated societies, composed of local bodies and usually operated on the lodge system.

(3) Establishment societies attached to an industrial establishment or business and frequently supported in part by the employer. Membership in some of these was required by the employer; while in others it was voluntary but encouraged.

(4) Trade unions which furnished insurance against sickness as a part of their benefits.

The function and management of local societies differed according to locality. In France far more attention was paid to the collection of funds for annuities than to sickness insurance. Not infrequently only old age or annuity benefits were given. When the Belgian government, in order to encourage thrift, offered annuities at less than usual rates on convenient weekly or monthly payments if taken through such mutual societies, the latter were organized frequently for no purpose whatever except to collect the money to pay for annuities. In other countries, great, and frequently the only, emphasis was placed upon sickness insurance. The usual form taken by such insurance, when offered by small local societies, was the furnishing of benefits for a limited time in event of illness. These benefits usually con-

sisted of: (1) medical attendance and medicines; (2) hospital treatment, if required; (3) a cash payment per week, either of a definite amount or, in establishment societies, of a percentage of the wages; (4) medical attendance and, less frequently, small cash benefits in event of the illness of the wife of a member or his children; (5) a benefit of a lump sum, such as three or four weeks' sick pay, for each confinement of the wife.

Ordinarily no attempt was made to discriminate in rates between members of different ages or occupations. In some organizations the more dangerous industries were excluded entirely and occasionally benefits ceased under the terms of the by-laws when the member attained a certain age. Usually, after a member was admitted, he had the right to renew his membership as long as he pleased, the society not being at liberty to refuse his premium.

With rare exceptions these societies have not attempted to maintain solvency by accumulating sufficient reserves to make it certain that their rates of premiums will enable them permanently to meet claims. Risk of disability due to sickness is normally an increasing one, accompanying, though not necessarily in a proportionate degree, the increase in the death rate. An increasing rate has also been found to apply, though not in so marked a degree, to disability caused by accident. Obviously, an increasing hazard when covered by level contributions or premiums calls for an accumulation of funds in order to supplement premiums and enable the society to pay claims. The necessity for such an accumulation has not usually been recognized by private sickness societies. There are, however, exceptions to this rule. Some of the larger so-called "centralized societies" of England, such as the Hearts of Oak, of London, which grew out of small private societies, have observed actuarial principles, so that their solvency is assured.

Federated or affiliated societies with their branches were a natural development from local sickness societies. They originally came into existence through the organization of one society after another based upon the model of some body which had been especially successful. Community of interests sooner or later brought about conferences, and these, in turn, a loose

system of federation, which in some cases became permanent and binding. There was also at hand a prototype for such organizations in the masonic and other lodges, with their local branches; and the introduction of a lodge system with initiations and rituals, soon distinguished these federated societies in a marked degree from purely local organizations.

In most cases, affiliated associations have been, so far as sickness insurance benefits are concerned, nothing but a federation of small local sickness insurance societies. It was found by experiment that wherever funds were dealt with by the general society there were two unfavorable consequences: (1) that the influence of local branches was pretty likely to be thrown in favor of payment of benefits to a member of that branch, no matter how plain simulation might be; and (2) that great jealousy arose between branches lest one should pay more, and another less than the benefits which its members respectively received.

Whatever may have been the advantage of leaving each branch to receive the contributions of its own members, to pay its own expenses and sickness claims and maintain its own reserves, the separate lodge system certainly suffered and still suffers under the serious disadvantage that it is not possible for the entire affiliated society to maintain itself completely solvent. Some of the local bodies inevitably exhibit deficiencies which are not offset by surpluses of other branches, since these are not applicable to the payment of claims against the embarrassed branches. The net result, therefore, is that most of these affiliated societies have likewise failed to accumulate reserves necessary to solvency. In their case this is a more serious matter than in that of purely local societies, as most of the former have undertaken to supply not merely temporary, but permanent disability benefits, payable as long as disability continues, and old age benefits as well.

When it is taken into account that in a voluntary society payment of benefits during permanent disability and old age requires the society to have in hand, when such payment begins, a sum of money equal to the present value of benefits thereafter to be paid, it is clear that neglect to do so on

the part of such a society is an exceedingly serious matter, and that, in the hands of ignorant or careless men, the result is pretty certain to be disastrous.

Notwithstanding these defects, these federated or affiliated societies have in several cases grown to an enormous size. This is particularly true in Great Britain, where the Manchester Unity of Odd Fellows and the Ancient Order of Foresters have each in the neighborhood of one million members, distributed among a very large number of lodges. These two societies pay temporary and permanent benefits and supply life insurance as well as sickness insurance. Both have made earnest efforts to introduce adequate rates and to bring their local branches into a satisfactory financial condition. Both have caused their local branches to accumulate in the aggregate assets running into millions of pounds. But the Ancient Order of Foresters is still far short of solvency, even setting the surpluses of some lodges against the deficits of others; and the Manchester Unity of Odd Fellows has barely succeeded in arriving, on the whole, at a condition of solvency, tested in the same manner. This, it is proper again to note, does not mean that each of the local branches is solvent; but merely (1) that a majority of the branches are in a state of solvency, and (2) that if the surplus in those branches could be and were applied to assist the branches which exhibit a deficiency, it would put them upon a solvent basis.

Trade unions are in effect affiliated societies. They differ, however, from other affiliated societies in the following particulars:

(1) The members are all of the same general occupation and have a strong incentive to become and to remain members without regard to sickness benefits, though it has been found that to supply these is decidedly an additional attraction.

(2) Though sickness benefits are sometimes paid out of local trade-union treasuries, it is not uncommon for them to be met out of the general treasury. In any event, rates are usually fixed by the central organization and local branches have no choice in the matter.

(3) Usually, trade unions do not supply life insurance as well as sickness insurance, though sometimes they pay a bene-

fit in case of death by accident or even a small funeral benefit in event of death from any cause.

(4) Unlike the local, private societies and affiliated organizations, trade unions usually supply unemployment or out-of-work insurance which, however, as will be seen hereafter, is invariably complicated with "strike benefits" paid the members while on strike.

It is not too much to say that almost invariably trade unions neglect to provide for solvency. They do not fix their rates with direct reference to the increasing risk which comes with increasing age, nor do they attempt to maintain reserves on an adequate basis, such as will assure the payment of their claims permanently. Compared with private local societies, and even with ordinary affiliated societies, trade unions have one advantage which goes a good way toward supplying the place of adequate reserves. So long as they are successful in obtaining shorter hours and better wages for their members, there is the strongest possible incentive for young and healthy workmen to join, irrespective of whether sickness insurance costs a little more or a little less than elsewhere. The result has been that an average sickness rate may be maintained for a considerable time, and if other conditions should be constantly favorable it is not inconceivable that these averages could be maintained permanently.

Under such a system, the older members who are paying less than their protection against sickness fairly costs are helped out by the over-payments of younger members, which, instead of going into the reserve, are applied toward meeting the claims of their elders. This system will work if there is absolute assurance that men will continue to come in. When the trade union's ability to secure improved labor conditions becomes weakened, the younger men drop out, precisely as in other societies.

One class of associations remains to be considered; namely, establishment societies, or sickness insurance funds. The distinguishing feature of these societies is that membership in each is confined to employes of a particular establishment, and it is usual for employers also to contribute. It is conceivable that

such a body may differ in no essentials from a private, local society, and that it may be organized among employes of an establishment entirely of their own free will, and operate with no other advantage than that co-workers prefer to join it rather than some other society.

In nearly all cases, however, these societies have been founded with the help of the employer as the result of motives ranging all the way from the most altruistic to the most selfish. One employer may desire to confer great benefits upon his workmen and accordingly make large contributions to the funds. He may pay the expenses of management, make collections by deducting dues from wages, guarantee a larger rate of interest on the funds than they actually earn, and give special benefits out of his own pocket. On the other hand, another employer may have organized such a fund with the sordid purpose of "contracting out" his liability under the law, at the same time requiring the workmen to pay contributions sufficient to cover all benefits.

Examples of both of these types were not unknown in different parts of Europe before the recent workmen's compensation statutes were enacted; and they are not unknown in the United States today.

These establishment societies have usually differed from other sickness insurance societies in at least one point; namely, that membership in them is either in fact or in effect obligatory. Even though the employer does not in set terms require each employe to be a member, it is usually well understood that preference when he is reducing his force, for instance, will be given to those who are members; thus it is to every employe's interest to join. This procedure has the effect of constantly replenishing the ranks with young workmen, so that the maintenance of an average age and an average death rate, when the number of members is reasonably large, is not impossible. This in turn, brings about the same condition already described under the head of trade unions,—that the over-payments of the younger members instead of going into reserves are directly applied to supplement the dues of their seniors. As the influx of new material is reasonably constant, those who have thus over-paid in the earlier years

are in turn helped out later by similar over-payments of future members.

It has not been easy in all cases, however, for employers to maintain these funds, even with compulsion. Compulsion has often been regarded as a grievance. Duplication of benefits may occur if the workmen of an establishment belong also to their respective trade unions. As has been said, there is abundant reason for believing that some employers have endeavored to utilize these funds or societies as a means of weaning workmen from their trade unions, thus causing the funds to be made the particular object of attack by the unions. It is also claimed that a fund interferes with the mobility of labor, and that many wage-earners are tied down to particular industries since change of position carries with it a complete loss of accumulated benefits. These charges have resulted in battles being fought over the continuation of certain establishment funds. If the trade unions succeeded, the obligatory nature of the membership in the fund was abandoned. Sometimes the entire scheme had to be given up; or if it was continued with voluntary membership the constant influx of young and vigorous members as a substitute for adequate reserves was no longer to be counted upon.

Many employers believe that these societies ought to be maintained in a condition of complete solvency. This opinion is recognized in the laws of Great Britain, which provide that a society will be certified by the government as furnishing benefits such as will exempt the employer from other requirements of the Workmen's Compensation Act, only if it is found by actuarial investigation to be financially sound. In practice, however, there are serious objections to this course. Strictly construed, such a provision, applied to voluntary insurance, calls for rates varying with the age upon admission. This is inconvenient, annoying, and, if the membership is maintained by means of legal compulsion, unnecessary.

Moreover, with the accumulation of reserves, members come to feel that they have a vested interest in the assets of the society. Upon leaving the service of an employer, they will desire, therefore, either to be permitted to keep up their insurance or to withdraw their funds. If permission is given to do the latter,—it is

not usually satisfactory to permit them to keep up their insurance, —they will not understand why, if they have not drawn benefits themselves, they should not be able to get back the entire amount of their contributions, perhaps with interest as well. In other words, any system of insurance against sickness through an establishment fund which brings about a considerable accumulation of money is certain to be provocative of hopes and expectations in regard to cash benefits to withdrawing members which cannot be realized, and is likely also, sooner or later, to become the cause of serious differences between the employer and the employe. This is particularly true, unless the contributions of the employer are so liberal that they silence all objections and also afford a means of escape from the difficulties which otherwise surround the problem.

Sickness insurance societies of nearly all these types existed in Germany before the laws introducing the new method of dealing with industrial accidents were enacted. From the outset, Bismarck recognized that it was of the greatest importance to preserve and strengthen the societies, enlarge their activities, and utilize them in connection with the new system of social insurance. This he did in the following manner:

The first thirteen weeks of disability, whether caused by accident or sickness, are provided for through the benefits of the sickness insurance societies. All employes are required to be members and to maintain their membership. It is the duty of the employer to know that each one of his employes belongs to and continues a member of such a society. If the employer fails in this duty, he is penalized, as will hereafter be described. Under this system, as soon as an employe becomes disabled, whether by sickness or accident, he is given medical attention, furnished medicines or admitted to a hospital, if necessary, while the support of his family is provided for by definite weekly payments equal to one-half his wages.

Membership in a private, local society, in a trade union or in an establishment fund, furnishing benefits required by law, is sufficient and satisfactory. The government needed, however, to provide for cases of those who either would not or at least did not join societies of one of these three classes. It must

be remembered that these societies would, in the nature of things, not be compelled to admit one to membership if they did not see fit to do so. Accordingly, provision was made for the establishment of a local or communal society in each district. In case a workman did not belong to a society of one or the other classes, he was required to become a member of the communal society, which in turn was obliged to admit all such to membership.

The sickness insurance society to which the workman belongs furnishes him with a book. In order that the employer may know certainly that the former is continuing his membership, he usually takes charge of the book, and most frequently pays the workman's contributions for him, deducting them from his wages. Unless the workman is a member of a private, mutual aid society and not of a trade guild, an establishment society, or the public local society, the employer must contribute one-third of the cost of the sickness insurance. He must thus contribute one-half as much as the workman is called upon to contribute. This is expected to be changed in the new German laws so that the employer shall contribute one-half of the total or as much as the workman. Should the employer fail to see that a given workman is a member of a sickness insurance society, then the workman when disabled either through sickness or accident is taken care of by the public communal society, precisely as if he were a member. The bill is sent to the employer who is required, in addition, to pay the back contributions both of the workman and himself for the period during which the former was not a member. He may even be subjected to a fine. Under these circumstances, employers do not often neglect to see that their employes are members of these societies.

In other countries, with the exception of Austria, where the development is along much the same lines, sickness insurance has not so far been made obligatory. In most of these, however, under the workmen's compensation acts, benefits on account of disability due to accident are not payable for an initial period of from one week to as high as four weeks, on the supposition that this period will be covered by sickness insurance. This expectation is not wholly disappointed; but investigation does not show that it is entirely fulfilled. Some employers exer-

cise such an influence upon their workmen that every man will be insured, especially when the employer makes a contribution; but other employers neglect the matter. Unfortunately, as the societies are voluntary, there is no such certainty as exists under the German and Austrian compulsory system, that there will be sufficient numbers of young recruits to keep the average age and average rate of sickness premiums comparatively stable. Accordingly those defects prevail that have already been described. Such societies, filled with a large number of older members, obliged to charge a heavy rate and unable to compete with more newly organized societies, where insurance is temporarily cheaper, are likely to be unsound and unreliable. As they fail or become weaker and dearer the confidence of the workingman in sickness insurance is shaken, and he is discouraged from joining any organization.

It must be acknowledged that even at the best, as, for instance, in Denmark, Sweden and Great Britain, in all three of which countries sickness insurance on a voluntary basis is highly developed, these societies do not supplement in any comprehensive way the compensation for the consequences of industrial accidents required by the laws of the countries referred to above. On the contrary, the following unfavorable conditions are found:

(1) Very many of the workmen are not protected by sickness insurance at all, with the result that they are not immediately and adequately taken care of at the beginning of a disability.

(2) Where sickness insurance does exist it frequently overlaps the compensation afforded under the accident insurance statute. The workman is required to carry unnecessary protection which increases the probability of simulation. After a certain limited time he is in receipt of two benefits, one under the law, and one through the private insurance society.

(3) In the same way, sickness insurance, especially in those countries where it is highly developed and where societies have put themselves on a sound basis, often extends to insurance against permanent invalidity and also to an accumulation of money to furnish old age pensions. This embraces the periods of invalidity covered by accident insurance or accident benefits

payable by employers, and so calls for a considerable contribution from the workman which is unnecessary. In addition to these defects, there is the further serious disadvantage that it is precisely by reason of permanent and old age benefits payable by these voluntary sickness insurance societies, that their premiums are so high and their reliability so doubtful.

Under the obligatory system of sickness insurance, on the other hand, benefits are confined to a limited period, those beyond that period being taken care of by various features of the new legislation. The solvency of these insurance companies if they limit their work is absolutely assured by the compulsion which constantly recruits their membership. It was found to be the virtually unanimous opinion of all delegates and others in attendance at the Seventh International Congress on Workingmen's Insurance at Rome, October, 1908, irrespective of country, that an obligatory system of insurance against sickness had worked far better than any of the voluntary systems. This opinion, as a result of independent investigations, is concurred in by the present administration in Great Britain. It has also been endorsed by a special commission sent to Germany to study obligatory sickness insurance on behalf of the Trades Union Congress of Great Britain. The commission found that the system works in a manner satisfactory to employers, employes and the general public; and that the most salutary results have been realized. This attitude has been most recently expressed by the enactment of a new law in Norway, September 18, 1909, providing for compulsory insurance against sickness, of all wage-earners, in societies created and controlled by the state, unless they are insured in other recognized sickness insurance societies; and for voluntary sickness insurance of all citizens of Norway whose annual income is less than a certain amount, in societies created by the state.

At the outset it was generally believed that the amount of simulation would be very large if membership was not confined to small societies in which the members were well acquainted with one another, and could keep a sharp eye on claimants, and thus prevent waste of funds in the payment of trumped-up claims. Yet managers of sickness societies throughout Germany,

usually leaders of workingmen and frequently of the Social Democratic party, are unanimous in the belief that the best results have been obtained in Leipzig, Dresden and other places where a strongly centralized local body has, with the general consent of workingmen and employers, supplanted all other forms of sickness societies. In centralized societies the cost of administration has been lessened, simulation reduced to a minimum, the care of the sick and disabled improved, cost of medical attendance lowered, and better provisions for cure have been afforded through hospitals and sanatoria. Methods of finding employment for the partially disabled have also proven more effectual, the collection and disbursement of funds have been more regular, reliable and satisfactory, and, in short, the system has been more successful in every respect.

It must be borne in mind, however, that in Germany, except in the case of a purely private society to which employers do not contribute, societies, whether private and local, connected with the trade or with the establishment, or public and local, have two-thirds of their boards of management elected by members, employers being entitled to appoint the other third. Practice has shown that this management is effectual and economical, that societies are careful and even critical in regard to claims made by members, and that, in the administration of affairs, differences between representatives of employers and representatives of workingmen on the board are infrequent and insignificant.

Results of this system from the standpoint of the community have been good, a fact testified to by statesmen, employers, employes, and all others familiar with it. As has been stated, the mere assurance that he will not be thrown into the position of a common pauper when disabled by sickness, but will have good care and be restored to health and vigor as quickly as possible, while his family in the meantime will be supported from a fund to which he himself contributes, has rendered the German workingman self-reliant and has greatly increased the effectiveness of his labor.

The committee sent over by the British Trades Union Congress, after a careful and painstaking investigation, reported that the system had not merely done nothing to break down trade

unionism in Germany but had constantly assisted it to gain a stronger foothold; and that the custom of representatives of employers and of workmen serving upon common boards in sickness insurance societies had done much to forward conferences on business matters between representatives of trade unions and employers under conditions which made for a fair discussion of the grievances of union workmen. Special attention was also called to the fact of the entire absence of slums in Germany. It may also be pointed out in this connection that in no country in the world, perhaps, have workmen shown themselves to be so free from domination or undue influence on the part of employers as in Germany, where the Social Democratic or workingmen's party casts a larger vote than any other single political party in the empire. In the main it confines its program to practical matters, instead of running wild on idealistic theories. This body of men, numbering millions of voters, is in accord with employers and all other classes of German citizens in holding that, whatever minor improvements might and doubtless will be made in the present insurance system, it is providing the best possible means, morally and materially, of establishing workingmen upon a self-reliant and independent footing.

Workingmen temporarily out of work may keep up their insurance voluntarily by paying the premium directly; but the probability that they will remain in good standing is not great. Such cases cannot be adequately dealt with except through unemployment insurance. It is found that in times when work is slack there are more claims for disability. This is doubtless due partly to simulation, but yet more, as is everywhere testified, to demands for sick benefits by workingmen who are really out of condition and ought not to have been working for some days or weeks previously.

VIII

FUNERAL INSURANCE

FROM the earliest organization of friendly or sickness insurance societies, benefits to cover expenses of funeral and burial have been paid upon the deaths of members, and in some cases upon the deaths of their wives. Usually, these benefits have been small, not more than was actually necessary to cover expenses, and have varied from the equivalent of about $10 in some countries to about $100 in the most liberal friendly societies in Great Britain. In a few cases, this privilege was later extended to payment of small benefits upon the deaths of children of members; but in practice this concession greatly complicated matters and, unless a special premium, or assessment, was collected for each child, imposed an unequal burden upon those who had few or no children dependent upon them. When payment was exacted for each child, the plan soon developed into something akin to industrial insurance, as supplied by stock companies.

Among affiliated societies with their lodge system and democratic or representative plan of government, the death and burial of a member called for special provision. Such societies have usually taken charge of the funeral, either wholly or in part, performing certain ceremonies at the house and at the grave; and it is but natural that the expense should fall upon them. During the last illness there are fraternal duties to be performed, such as that of members of the same lodge caring for a dying brother during the night watches, and the paying of proper respect to the dead. One of the functions of these organizations has always been to see that members are given decent burial. As in the case of sickness insurance, these societies paid no attention to the requirements of soundness in assessing members for death benefits. Merely enough money was currently collected to meet the present needs. In the beginning only young men or at

most only men in the working years of life were admitted to membership. After a time conditions changed because persons continued to belong who were infirm and old, with the result that the number or amount of assessments were increased. These conditions were ruinous to all small associations, the members usually seeing no way to deal with the situation but to withdraw and go into a younger organization. Larger societies, and particularly, as has been seen, the affiliated societies, by means of readjustment of rates under expert guidance and by exercise of courage, determination and prudence, were sometimes brought to a solvent and permanent basis; but only by means of stringent and even harsh measures.

The embarrassment on account of faulty systems was even greater when the insurance was upon the lives of members than when upon their health. In the latter case, while the hazard was an increasing one, the increase was insidious and gradual, due to the fact that no capitalized value was set up. Only enough was collected to meet payments to disabled members as they fell due. On the contrary, when a member died, a lump sum had to be paid, and as the danger of death increased steadily with years, becoming a certainty in old age, an increasing hazard, calling for the full amount of insurance at one time, had to be met. This ultimately fell upon the society with crushing severity. When, by means of withdrawals of the younger and stronger men and of refusals on the part of others to join, the society became composed almost exclusively of the ailing and old, the end was not far off. Even before it was reached the cost became excessive, especially when it is remembered that the persons from whom it was collected were least able to meet it.

Manifestly, life insurance which is to furnish protection throughout life and to treat all members equitably requires a level rate of payment if the cost in later years is to be kept down to a reasonable sum. This necessitates the setting aside of a surplus out of earlier premium receipts as a reserve to meet demands when members have become old and when the premium currently paid is smaller than the financial equivalent of the hazard of death. In other words, a reserve system is absolutely requisite for the solvency and permanency of these institutions when mem-

bership therein is entirely voluntary, and one may join or not, or having joined, may remain or retire as he pleases.

In some cases, notwithstanding the defects of the plan, funeral benefits have for long periods been supplied by societies of this class, prior to that disintegration setting in which has usually accompanied the experiment. This has been due to one or more of the following exceptional conditions: When funeral benefits are very small, so that while the cost to the society is high for the benefits supplied it is insignificant as compared with the earnings of the member, the disproportion between the value of the benefit to the members and what he is paying for it does not make so serious an impression. This is also true when other benefits are much greater than funeral benefits and are being provided at a moderate cost. It is particularly true when in addition to insurance there are advantages of membership, as in the case of trade unions, or of social distinction and opportunity for diversion, as in some of the affiliated societies. Of course, none of these compensating advantages is sufficient to offset the disproportion of cost to value if for any reason the attention of the young is directed in some marked fashion to the fact that they are paying far too much for the life insurance they are receiving. If funeral benefits are large and the cost is a considerable burden which can conveniently be compared with other means of securing the same benefits at a lower price elsewhere, even the attractions above named will scarcely enable the society to hold its old members and attract new ones.

The danger of funeral and burial benefit features when conducted along unsafe lines, in connection with a sickness insurance society, has been recognized in many countries, and in most of them where voluntary insurance is as yet the only form, societies have themselves had to cope with the matter. This they have done, either by dropping burial and funeral benefits altogether, or by rigidly limiting these amounts so that the proportion of the total cost of membership attributable to this form of insurance is small.

In Denmark, evils resulting from the combination of the two forms of insurance (which when the business is conducted in a proper manner may be combined most advantageously), be-

came so apparent that, under the recommendations of the government supervisor of friendly societies, a law was passed requiring a complete separation of the two functions in all societies thereafter organized and encouraging the separation of it in those already in existence. Under the law, a sickness society may not furnish funeral and burial benefits, though a separate association composed of the same persons or of as many as desire to join may be organized for that purpose and be conducted under the same management. No individual may join a burial society unless he is a member of a sickness society.

In the same country, an ingenious reinsurance scheme introduced under the recommendation of the same astute supervisor, enables societies burdened with too many old lives to free themselves from the perils which might result from too great a number of deaths in a short period. Under this plan funds collected are placed in a common treasury the managers of which call upon each society for its share of the aggregate actual cost, apportioned on the basis of a mortality table. The method leaves inherent defects of the assessment plan untouched, but enables societies to bring about a readjustment of their own rates, and protects them from the disturbance of averages due to the presence of a few lives subject to a very high rate of mortality.

Attempts to furnish funeral benefits in sickness insurance societies have, as just stated, been dealt with in different fashions: (1) by the introduction of compulsion; (2) by the cutting off of such benefits altogether; (3) by their reduction to nominal amounts; (4) by the accumulation of funds sufficient to maintain the benefit and by setting up their capitalized value as a liability, together with the proper reserve called for by the increasing nature of the hazard.

When adequate rates of premiums have been established and sufficient reserves are carried, there no longer remains a reason for rigidly limiting the amount of the benefit. This is the principle upon which reputable insurance companies are conducted, and it has been fully recognized in most of the leading friendly societies of Great Britain. The latter having made such readjustment, have taken advantage of the registration act, make a valuation periodically, and have brought themselves up to, or

very near, complete financial solvency. In doing this, however, they have departed from the original intention of the friendly society, which was to furnish mutual aid in time of need, and during sickness; and at most to provide burial for the dead. In many societies, at present, members are permitted to carry more insurance than is necessary to cover funeral and burial expenses.

In the Manchester Unity of Odd Fellows of Great Britain, for example, a considerable variety and choice of plans is offered. Insurance may be taken up to as high as £200 ($974), which is the limit under the Friendly Societies Act. The average amount is about £20 ($97.40) approximately four times the cost of funeral expenses. When such amounts of insurance are allowed and taken, the society is conducting a business similar in all essentials to the regular life insurance business as carried on by mutual and stock companies. It must be judged primarily by the same standards; namely, reliability and economy.

With adequate rates and sufficient reserves, such a society theoretically may be as reliable as any insurance company. To demonstrate this is a complex undertaking and involves a recognition not merely that the laws of mortality are the same and that similar provisions will bring similar results in strengthening solvency, but recognition of the fact that in the democratic system of control, found in these societies, there is no greater peril to prudent investment of funds than in the more highly organized systems in stock and mutual life insurance companies.

The funds of the Manchester Unity of Odd Fellows, it is claimed, have been invested with as much care as those of life insurance companies, although in this affiliated society each lodge has complete control over its own investments, which are authorized by a vote of the members. On the other hand, since each lodge carries its own mortality risk and pays its own death claims, the affiliated society playing no part in the distribution of the risk, the possibilities of insolvency due to sudden and unexpected demands on the treasury are materially greater than they would be in an insurance company of equal size. For this and other reasons a large proportion of the lodges in the Manchester Unity are still insolvent.

In the matter of careful management, it is generally con-

ceded that, taking into account all the advantages they have offered, friendly or fraternal societies everywhere have been extraordinarily economical.* This has been due largely to the fraternal spirit and to the free or inexpensive service of members who found their chief reward in the confidence and respect shown them by election to office, accepting it because of the honor and opportunity for usefulness it gave, rather than for financial compensation.

Economy in management was also in large degree due to the recruiting of membership by means of mutual acquaintance; members influencing others to join either without remuneration for such services or receiving a small honorarium in the way of a prize or reward. To the extent to which they have abandoned the underlying principles of fraternalism, by the introduction of the deputy or agency system, these societies have increased their management costs; and many fraternal orders today are the shells of their former selves. Insurance protection is the main consideration. The spirit of mutuality has become weakened and expenses have grown rapidly, without any corresponding increase in the safety of the protection accorded.

Under the compulsory insurance laws of Germany, while the private sickness insurance societies were left undisturbed and while every workingman is free to join them if he chooses, the government intervened to prevent their attempting impossibilities in the matter of funeral and burial benefits and they are now strictly regulated in this regard. Most of those whose members are compulsorily insured supply but small funeral and burial benefits, the amount being confined to about $12.50. In a few cases, where these societies have been created in connection with particular establishments and where the employer makes liberal contributions, conditions are different; here rates of contributions and benefits have usually been computed so as to be financially equivalent, and adequate reserves are carried, thus avoiding perils which accompany over-large burial benefits. In no countries, however do the societies furnishing funeral benefits completely supply the demand for such insurance. Industrial insurance companies find ample scope for their operations, reaching thousands whom the societies fail to enroll.

IX

MATERNITY INSURANCE

A PECULIAR insurance, found in one form or another in connection with sickness insurance in every country of Europe, is maternity insurance.

In discussing sickness insurance in several countries, it was noted that where the husband is insured a benefit is frequently paid at the confinement of the wife, the amount being perhaps three or five weeks' sick allowance at the rate which would be paid for the illness of the husband. There is frequently, also, a funeral benefit in event of the death of the wife, one-half as much as is paid when the husband dies. This is not by virtue of the membership of the wife but as a part of the comprehensive scheme of friendly or sickness societies for the insurance of their members.

In Germany and Austria, where sickness societies are a part of the general scheme provided under governmental authority and supervision with membership obligatory on all wage-earners, the question naturally arose at an early date whether confinement was to be treated as a sickness. It was at once agreed that this should be the case, and provision was made and is today in force in sickness societies, for proper financial allowances for disability arising from this cause. Duration of any such benefit, unless special invalidity ensues, is usually limited to a certain number of weeks. This plan differs essentially from the one mentioned above in that the benefit comes to the woman herself as a member, and not as an indemnity to the husband for financial burden imposed upon him. It is paid because she is a workingwoman, and a member of the sickness insurance society to which she as well as her employer contributes and from which, in consequence, she is entitled to

draw benefits. Naturally, in view of the character of this benefit, arising out of her membership, provided for by her contributions, the question arose at an early stage whether such benefits were to be paid at the confinement of an unmarried woman. In the United States, among the white population, in view of the small number of births out of wedlock this would not be a matter of sufficient importance to call for special rules. But when, as in the chief industrial cities of Germany and Austria, the proportion of births out of wedlock is extremely high, the question naturally takes on a great deal of importance.

It was decided that no distinction should be made. Sociologists and economists of these countries argued that "a condition and not a theory" confronted them, wage-earners by their actions determining conditions under which children should be born. The state is in the peculiar position of having to accept these conditions: (1) because if it were possible to prevent them, the growth of the working population upon whose services the whole structure of society depends would be much reduced; and (2) because of the utter impossibility of enforcing any other conditions than those acceptable to the working population itself. This argument is given here to make it clear why no distinction is made between married and unmarried mothers in the sickness insurance laws, nor in the payment of benefits during confinement.

Conditions described have, of course, greatly emphasized the necessity for maternal insurance. While the mother, if married and supported by her husband, who is presumably at work earning his usual wages, may not be in sore need of insurance protection, the unmarried mother, dependent entirely upon her wages, is in precisely the same situation as if she were ill from any other cause; and unless provided for by insurance may become a public burden. It is not possible for the public entirely to escape the burden, but it is manifestly better that her support should be borne through insurance to which the mother has contributed, than through the poor rates, which would further degrade her and her child.

The necessity of sickness insurance that shall pay a benefit

in event of confinement has never been seriously felt in the United States. It is not common for fraternal orders, in which men are insured, to provide benefits for the confinement of the wife of a member. On the other hand, fraternal societies in which women are insured against sickness, often stipulate that nothing shall be paid for disability from such a cause; and such are also the usual terms of sickness policies issued by stock companies in this country. Most married women are here afforded an ample support by their husbands and therefore no crying need exists for insurance of this type.

X

INSURANCE AGAINST SICKNESS AND DEATH IN VARIOUS COUNTRIES

GREAT BRITAIN

THE best developed form of workingmen's insurance in Great Britain is sickness insurance in friendly societies. This form of voluntary insurance has extended in Great Britain beyond anything to be found in other countries. In 1904, out of a total population of 42,500,000, of whom 13,000,000 were workingmen, the number of friendly societies was nearly 28,000 and the membership nearly 6,000,000.

The history of the friendly societies runs back to the guilds of the middle ages, and some of these early workingmen's organizations have survived to the present day. The larger number, however, came into existence in the nineteenth century, though as early as the end of the eighteenth there were several thousand small local and two large associations, the latter resembling the Free Masons. All these gave sick relief in addition to other benefits, but it was more in the nature of charitable assistance than insurance.

Legislation in relation to the insurance branch of these organizations began about the end of the eighteenth century, when the constant increase of poor relief became a serious burden. Under the law of 1793 these societies, which until then had not been legally recognized, were permitted to register and thus obtained certain privileges. Since that time there has been a distinction between registered and unregistered societies. Further legislation was enacted in 1819 and 1829. Under the law of 1819 societies were authorized to invest their funds with the commissioners of the public debt at a higher rate of interest than was otherwise paid by the gov-

ernment, and were permitted to register if they furnished a certificate by two competent actuaries that their premium rates were adequate. The law of 1829 required annual reports.

In 1846 a most important step was taken. In place of leaving the registration to any judge, a special central department was created, under a Registrar of Friendly Societies. From this time Parliament frequently legislated concerning these societies; and three parliamentary commissions to inquire into their condition were successively appointed, in 1848, 1849, and 1854. In consequence, laws were passed further strengthening the requirement of adequate rates, providing for periodical valuation, and permitting trade unions to register.

The importance of maintaining solvency on an actuarial basis was recognized, but few societies proved to be in anything like a sound state. The exhaustive investigation of a royal commission in 1870 exposed these conditions ruthlessly. To remedy them, the law of 1875 was passed, which materially extended the functions of the friendly societies, brought about a re-organization of the registry bureau, imposed penalties for bad management, and required publicity of the essential facts of administration. It also provided that annual reports of registered societies should be published, together with an actuarial valuation every five years.

The law is still imperfect because it permits unregistered societies to continue though no new ones may be organized, an evil that was not remedied, even in the latest revision in 1896. Under this last measure, seven persons may form a friendly society, which through voluntary contributions, or from gifts or other support, may give assistance to its members, their husbands, wives, children, parents, brothers, sisters, nephews, nieces, or orphans, in cases of sickness, invalidity, old age, widowhood, or minority. They may also give benefits at the birth of a child, and at the death of a member, and may pay funeral costs on the death of a husband, wife, child, or widow of a deceased member; may give assistance to members while traveling, in cases of need, shipwreck, or loss of boats or fishing nets; and may provide wedding outfits, also pay for the replacement of workmen's tools or for insurance of the latter against fire. The maximum

life insurance permitted is £200 ($974), and the maximum annuity £50 ($243.50).

In England registration is with the chief registrar; in Scotland and Ireland with an assistant registrar. In addition to a legal status, registered societies have a preferred claim for dues in event of the death or bankruptcy of a member, are exempt from various stamp taxes, and may still invest their reserves with the public debt commissioners at a higher rate of interest than that usually paid by the government.

Up to the present, membership has not been made obligatory. The tendency, however, has been to offer such encouragement as will induce workingmen to join. Societies are left free to manage their affairs in their own way, the registrar having no authority to interfere unless the members call upon him to do so. Even then he has no power to impose reforms. It is true that once in five years every society must employ an actuary to value its assets and liabilities; yet when this has been done there is no obligation to take action upon it, or to adopt any advice the actuary may give. The only positive requirement of the act is that members shall have an opportunity to know the financial condition of their society. This provided for, each society is left to work out its salvation.

It is not surprising that friendly societies have developed a large variety of insurance methods and that the societies vary widely in their activities. The royal commission distinguished no less than seventeen types; but for our purpose it is sufficient to call attention to three main groups: ordinary friendly societies, affiliated orders, and burial or collecting societies.

In most cases, collecting societies are conducted as a business by persons interested other than as members. They are usually burial societies paying benefits only in case of death. If they also furnish sickness insurance, it is incidental. They are in fact industrial insurance companies, and like the latter, employ agents to obtain new business and collect premiums. We shall, therefore, discuss only the first two groups.

Ordinary friendly societies are by far the most numerous. Usually they are local in character, consisting of persons living

in the neighborhood, or are confined to members of the same trade. They almost always insure against sickness, and in addition many furnish other benefits.

The simplest and the first to develop was the society called the "village club." It was organized on the plan of equal contributions from all members, irrespective of age. While all were young the burden was heavy on none, but as time went on, caring for the old and disabled made the cost oppressive for the younger members. Under such conditions, first fewer joined, and then more withdrew to unite with younger societies. This augmented the cost for those who remained; and the village club frequently passed away with the generation which founded it. Some, however, were wise enough to establish rates graded according to age at entry. When these were adequate and reserves were accumulated, the societies prospered. This was especially true of those that obtained the patronage of the gentry and clergy of the district, these honorary members taking an active share in the management as well as aiding with contributions. Their superior knowledge and disinterestedness often discovered weak points in the system. Instability arising from small numbers, the local character of the organization, and insufficiency of rates or reserves soon became clear; and it was found advantageous to unite various village clubs in the same district into one larger township or county club. In such cases, the county gentry might, by acting together locally as members and centrally as managers, insure the establishment of a society large enough to live, on sound principles. They could thus get rid of the fluctuations which necessarily imperil the security of a small, local society, however careful the calculation of its contributions and benefits. Able actuaries would be called in; and adequate rates of contributions provided to meet all requirements. A gift fund was often raised for preliminary expenses in order to insure stability; and great care was exercised in investing funds. The lines of such institutions combining local management with complete centralization of the funds were laid out with thoroughness and precision.

Typical of such centralized friendly societies, growing out of small beginnings and still retaining the peculiar features

that led to its popularity, is the largest of the class, the Hearts of Oak. The essential characteristic of this organization is its simplicity. For small contributions, it gives sick benefits, burial money, allowance at the birth of a child and insurance of tools against fire. It does not, however, provide medical attendance. It is a centralized society, having about 350 districts, each with 500 to 1000 members, making a total of about 290,000. Members are not admitted above the age of thirty nor unless they earn at least 24 shillings ($5.76) per week. No women belong. A medical examination for which there is a fee of two shillings (48 cents) is made by medical officers of the society, located conveniently throughout the districts, and a certificate from one of these must be obtained as a condition to favorable action. It is a cardinal principle of this society that there is but one class of members, and that all of these must be up to grade in health when admitted. New members are obtained only through those who already belong. To encourage this form of extension, prizes are offered. Where ten are obtained within three months, a member's dues for the next three are remitted as a reward. The society still employs a system of uniform contributions rendered possible by keeping its maximum age for admission at thirty. These contributions are not absolutely fixed in amount but vary according to claims made upon the society during the previous quarter. The average is from 10 shillings to 10s. 6d. ($2.40 to $2.52) per quarter. Dues are paid directly to the central office by means of money orders or post checks. Benefits of 18 shillings ($4.32) per week are given during sickness. These continue for a period not to exceed six months; and if still incapacitated the member receives thereafter only four shillings (96 cents) during the remainder of the disability. Benefits of £20 ($97.40) are paid upon the death of a member, and £10 ($48.70) upon the death of a member's wife. The average sickness per member is 2.16 weeks per annum—a rather high average.

It is not always possible to prevent malingering. Originally, when a member became sick, two members were notified to visit him and report to the central office. For social reasons this method proved ineffectual. Often an employe was appointed to call upon an employer, and vice versa, or cronies

upon a crony. The system continued, notwithstanding, for sixty years; but more recently when the society extended its operations, a new plan was adopted. Visitors are appointed for each of the 350 districts. Each person claiming sick benefit comes under the supervision of an official visitor, who calls upon him frequently and without notice. It is, of course, clear that the value of this plan depends upon the character of the visitor. Visitors were at one time paid by the hour but this method was abandoned for obvious reasons, and they now receive from three pence to nine pence (6 to 18 cents) per visit. When the visitor is in doubt about the validity of the case, he may cause the patient to be examined by a physician other than his own, particularly if collusion is suspected. The government of this society is extremely democratic, members being represented at annual meetings by delegates elected from each of the districts. These in turn elect the board and the officers.

Managers of friendly societies say that more claims for invalidity due to accidents, and for longer periods, have been made since the passing of the Workmen's Compensation Act than at any time previously. This is believed to be due to malingering, workingmen making claim both under the act and under their certificates of membership. This statute has also increased the difficulty of securing and holding members, because many reason that they will not be disabled except by an occupational accident or disease, which will be compensated under the statute.

An interesting modification of the above centralized type is the "deposit" friendly society. The most prominent is the National Deposit Friendly Society. As its name indicates, it is a savings bank and friendly society combined. It was founded in 1868 by the Duke of Northumberland, and in 1872 became a registered national society. Its activities, due to the energy of its patrons, have spread over a considerable part of the country, especially in the southern districts.

Out of each member's payment, which he is encouraged to make as large as possible, a certain sum is assigned to the benefit funds of the society, the remainder being credited to his own account. When he falls ill, a certain proportion of the sick pay

fixed when he becomes a member, upon a scale varying with his age and other circumstances, is given him from the benefit fund; the remainder he draws from his own deposit. When he reaches old age, his bank account is converted into a pension, which will of course be the larger the more he has saved and the less he has withdrawn for sickness. The element of insurance in the contract is so small that the managers claim that there is no fear of insolvency and no necessity for valuation. This is not believed by the authorities to be the case and the regular quinquennial valuation is of course required. On the other hand, a member who suffers from prolonged sickness may find relief fail him through exhaustion of his savings at a time when he most needs it.

As an index of the rapid growth of the National Deposit Friendly Society, the following figures speak for themselves:

TABLE 43.—STATISTICS OF THE NATIONAL DEPOSIT FRIENDLY SOCIETY, 1897–1905

Year	*Districts*	*Members*	*New Members*	*Invested Funds* (*Pounds*)	*Annual Receipts* (*Pounds*)	*Sick and Medical Pay* (*Pounds*)
1897	362	25,396	6,495	128,073	43,334	10,408
1901	759	68,400	15,563	296,016	111,384	29,261
1905	1,350	138,962	23,675	603,573	202,867	69,183

The society has no paid canvassers; but the district secretary and the division secretary receive salaries. Dues are paid at contribution rooms. It has been found that the average duration of payment of sickness benefits per member is 3.2 days. This low sickness rate is due chiefly to the fact that benefits are not drawn unless absolutely necessary, because a part is from the member's own money. There is no club doctor and the member must bring a weekly certificate from his physician in case of illness.

The amount of contribution is not fixed; members over sixteen years of age make their own rate, which automatically regulates their scale of sick and old age pay. Children between five and thirteen may pay six pence (12 cents) per month; and between

thirteen and sixteen, six pence, one shilling, or 1s. 6d. (12, 24, or 36 cents). The total weekly benefit in case of illness equals the amount of the monthly contribution. In addition to this, old age pay granted after seventy is equal to one-half the monthly contribution. No member is allowed to receive, as sick pay, more than his or her daily income, nor as old age pay more than 1s. 6d. (36 cents) per day; and no member is entitled to sick pay or medical attendance until he has made six monthly contributions, which he may do in advance, and has in addition a deposit equal to this amount. This gives him the position of a member of six months' standing. When the deposit account of the member is exhausted, payment of benefits also ceases, except for a period of grace allowed not more than once in five years. It is believed by the managers that in this way simulation is reduced to a minimum. The number of benefit members in 1907 was 169,100.

The following financial data for the year 1907 may be of interest:

TABLE 44.—FINANCIAL STATEMENT OF THE NATIONAL DEPOSIT FRIENDLY SOCIETY, 1907

	£	s.	d.
Monthly contributions to common sick fund	190,199	18	7
Sick and medical pay from common sick fund	64,267	15	0
Paid over to members' deposits	125,932	3	7
Cost for sickness benefits per shilling of dues, 4d.			
Total Payments			
Sick and funeral fund	66,040	19	9
Medical	26,558	10	5
Members' Own Charge for			
Sick pay	18,666	8	1
Medical pay	7,958	7	1
Members' charge for management	25,478	15	10
Contributions to old age fund, including interest	22,824	7	6
Payments from old age fund	599	7	1
Deposits received	69,927	11	1
Withdrawals from deposits	47,671	13	0
Interest added to surplus fund	8,662	11	10
Fines and sundry deductions	6,085	17	11
Members' balances, December 31	620,212	10	1

The second main division of friendly societies is the Affiliated Orders, which includes a number of organizations, often of very large membership. They originated in the eighteenth cen-

tury, at a time when free masonry came once more into prominence; but unlike the Free Masons, their membership has always been composed only of workingmen, artisans and tradesmen.

At the outset, the aim of these orders was social; but the custom of relieving distressed members was soon established and later became the main feature. In order to save the self-respect of those who fell into distress and to prevent abuse, it was found better to require all to pay regularly a larger contribution and thus make each member without distinction, subject to relief as a matter of right. The development of these lodges and orders for the extension of benefits thus took the place of the poorly organized village clubs which were constantly going to the wall. After a growth of a century, lodges of the General Orders, the Abstainers' Orders, the Hebrew Orders, Trade Orders and others now fairly cover the entire country.

In 1850, the orders were admitted to registry. Not until 1875, however, were they given full recognition. An act carried through by Sir Stafford Northcote in that year resulted in the strengthening of the bond between the central body of these societies and the local branches, which resulted in a material improvement of their condition.

By the provisions of this act, it is necessary that there should be:

(1) A central directing body of such composition as the rules of the society may provide.
(2) A fund under the control of the central body, to which each branch is bound to contribute.
(3) A fund administered by each branch, or by a committee of officers appointed by the branch.
(4) A declaration in the rules of the amount of control the central body shall have over each branch.
(5) A provision enabling the branch to secede from the society.

A branch cannot alter its rules, or obtain an official inspection, or apply to the chief registrar to call a special meeting or dissolve itself without the consent of the central body. If it secedes, it must abandon its name. There is here a mixture of centralization with local independence which is very valuable.

Administration of the local fund,—in general the fund for sickness,—is expressly reserved to the branch, which in other respects is under the control of the central body, subject to its rules.

The most developed example of this class is the Manchester Unity of the Independent Order of Odd Fellows. This society is nearly one hundred years old and today has nearly 1,000,000 members, distributed in semi-independent lodges, with strong local interests. It has so extended its activities that lodges, of which there are about 5000, are now to be found throughout the kingdom and in all the colonies as well as in the United States. It is thus able to protect artisans who find it necessary to move from place to place.

The government of the Manchester Unity is entirely representative. A conference, called the Annual Movable Conference, composed of deputies elected by the district lodges, meets annually. These conferences appoint the grand master, the deputy grand master, the corresponding secretary, the assistant secretary and nine others, who, together with the last grand master, form a committee of management or central body, which virtually acts as a board of directors. In this way the lodges are brought together in a unified system, under which they must comply with the financial requirements of the central board whenever they change their rates, and can adopt only such as the actuary establishes for the entire organization. Each one, however, enjoys a considerable amount of independence and may secede under certain conditions. New members are secured through existing members. No commissions are paid and there are no salaried organizers; secretaries of the local lodges, however, receive a small stipend. Dues are paid directly at the door of the meeting room; but it has been found that members take little interest in the meetings, many preferring to send their wives and children to pay their dues. As a general rule, members pay at the end of the quarter instead of fortnightly, when the payments are due, thus taking advantage of the time limit set. In general, it may be said that many join, not because of the benefits, but are persuaded to do so because a friend or a shop-mate thinks the society a good thing. It has been found that about 50 per cent drop out soon after entering. Efforts are made to cut expenses

to a minimum. Members are wholly in control, which explains in part the remarkable popularity of this, the largest of all the friendly societies.

The following table shows the premium rates usually charged.

TABLE 45.—CONTRIBUTION PER MONTH, FOR LOWEST AND HIGHEST SCALE OF BENEFITS, INDEPENDENT ORDER OF ODD FELLOWS

	Lowest Scale Benefits			*Highest Scale Benefits*		
	7s. per week first 12 months' sickness 3s. 6d. per week after 12 months £7 on death of member £3 10s. on death of member's wife			12s. per week for first 12 months' sickness 6s. per week after 12 months £12 upon death of member £6 on death of member's wife		
Age Last Birthday	*To Sick Fund*	*To Funeral Fund*	*Total*	*To Sick Fund*	*To Funeral Fund*	*Total*
	s. d.	*d.*	*s. d.*	*s. d.*	*d.*	*s. d.*
16	0 10	2½	1 ½	1 4	4	1 8
20	0 10½	2½	1 1	1 6	4	1 10
25	0 11½	2¾	1 2	1 7	5	2 0
30	1 1	3	1 4	1 10½	5½	2 4
35	1 3	4	1 7	2 2½	6½	2 9
40	1 6½	4½	1 11	2 7½	7½	3 3
44	1 8½	5½	2 2	3 0	9	3 9

The steady growth of the order in recent years is worthy of mention. On January 1, 1852, there were only 3219 lodges with a total membership of 225,194. On January 1, 1898, the lodges had increased to 4698, and membership to 787,962. In the same way the amount of funds which on January 1, 1865, was £1,796,349 ($8,748-220) had increased on January 1, 1898, to £8,302,390 ($40,432,639), and on January 1, 1904, to £10,641,162 ($51,822,459). On January 1, 1904, the membership had still further increased and included 869,680 adult male members, 121,892 juvenile, 12,057 widows who subscribed for funeral benefits only, 3546 female and 11,570 honorary members, making a total of 1,018,745 persons enrolled in the society. This growth is explained partly by the character of the government of the society, partly by the reasonable premiums, but perhaps more by the fact that for the last thirty years

the Manchester Unity has made every effort to establish a graded scale of contributions from its members in place of the old fixed scale which most of the weaker societies have preserved to the present day. There are still, however, some lodges in the organization that persist in the antiquated method of equal contributions from all members, irrespective of age; but the board of directors is doing everything possible to correct these irregularities, and will permit no change except to adequate rates. Each lodge every five years must have a valuation made by the actuary of the order. Should this valuation show a deficit of 15 per cent, the lodge must either reduce its benefits or increase its rates, or both. If the lodge is entirely insolvent, steps are taken by the general organization to amalgamate it, on terms that are fair and safe, with some neighboring branch whose financial condition is good. The society has also established an industrial insurance department for the benefit of its members.

We shall now conclude with a brief consideration of friendly societies, the two main groups being taken together. At the close of 1905, the number of registered ordinary friendly societies and branches of the affiliated orders, was 27,000, with an aggregate membership of nearly 6,000,000, and accumulated funds amounting to £42,000,000 ($204,540,000). Six years before, while the number of societies and branches was practically the same, membership was 5,250,000, with funds amounting to about £35,000,000 ($170,450,000). During the period mentioned, membership has increased 13 per cent and funds 28 per cent. This is certainly a gratifying testimony to the efforts of members to improve the financial condition and stability of their societies.

The average contribution amounted to £1 1s. 9d. ($5.29) per annum, paid in weekly, monthly or quarterly instalments; out of each pound received, 14s. 2d. ($3.40) on the average is expended in benefits, 2s. 1d. (50 cents) in management, and 3s. 9d. (90 cents) set aside to meet future contingencies. Members of branches of affiliated orders contribute on the average £1 6s. 2d. ($6.35) per annum each, and out of each pound of total income receive on the average 13s. 10d. ($3.32) in benefits, 2s. 3d. (54 cents) being expended in management, and 3s. 11d. (94 cents) accumulated. This low rate of expense is due to obtaining members through

co-operative effort without payment of commissions, to collection of contributions without expense, or at a small expense, and to the service of officers without salary, or for small compensation. All these favorable conditions in turn are due to the spirit of fraternity, which, together with a lively sense of the benefits, causes members to join, to persist, and to serve when called upon.

It is of the greatest importance that these organizations should be solvent. As has already been noted, all registered friendly societies are required by statute to report their financial condition annually, and to furnish a detailed quinquennial valuation by a competent actuary. Such reports when carefully analyzed, often expose lax management and corresponding deficiencies. It must not be supposed, however, that because of the existence of a deficiency in the funds of the society, it is necessarily on the verge of dissolution. The deficiency may be the result of temporary indiscretion or variations of rates and in no way demonstrates that recuperation is hopeless.

In this connection, it is well to quote the careful words of the former Chief Registrar of Friendly Societies, Sir E. W. Brabrook, from his book on Provident Societies, 1898:

"A word of caution may be added against forming too hasty conclusions adverse to friendly societies if it should turn out that the valuations in many cases show an estimated deficiency in the funds to meet the liabilities. It would be strange if it were otherwise when for the first time scientific tests are applied to contracts that have been in operation without a scientific basis for a long series of years. It must be borne in mind, however, that nothing is more elastic than the contract made by a friendly society with its members; no error more easy of remedy, if found out in time, than one existing in the original terms of such a contract. Hence the words 'insolvency,' 'rottenness,' and the like, which we sometimes hear freely used, as describing the general condition of friendly societies, are utterly out of place. Of friendly societies in general it may be said that as there are no associations the benefits of which are more important to their members, so there are none that are managed with greater rectitude and few with equal success."

Table 46 gives a summary for the years 1899 and 1905 of the conditions of the friendly societies in Great Britain and Ireland.

TABLE 46.—MEMBERSHIP AND FUNDS OF REGISTERED FRIENDLY SOCIETIES AND BRANCHES IN GREAT BRITAIN AND IRELAND, DECEMBER 31, 1899 AND 1905

	Ordinary Friendly Societies	*Societies with Branches*	*Total Dec. 31, 1899*	*Total Dec. 31, 1905*
Number of returns received	6,773	20,144	26,431	26,917
MEMBERSHIP:				
Admitted	255,053	203,801	434,701	458,854
Ceased by death	33,504	31,024	64,824	64,528
Ceased by other causes	173,209	165,026	265,475	338,235
Remaining at end of year	3,226,672	2,673,246	5,217,261	5,899,918
Under 16 years of age	297,445	134,249	257,068	431,694
Between 16 and 20 years of age	157,734	181,674	254,103	339,408
Between 20 and 50 years	1,270,789	1,810,627	2,497,526	3,081,416
Between 50 and 65 years	281,545	416,709	540,005	698,254
Over 65 years	87,611	119,209	151,102	206,820
Ages not stated	1,131,548	10,778	1,517,457	1,142,326
RECEIPTS AND PAYMENTS OF BENEFIT FUND:	*Pounds*	*Pounds*	*Pounds*	*Pounds*
Receipts from contributions*	2,552,941	3,035,339	4,945,417	5,588,280
Receipts from other sources	776,455	855,695	1,781,800	1,632,150
Total receipts	3,329,396	3,891,034	6,727,217	7,220,430
Payments for sickness	1,637,247	2,441,775	4,736,999	4,079,022
Payments at death	385,790	480,139		865,929
Payments for other benefits	368,878	58,629		427,507
Other payments	325,808	51,771	768,254	377,579
Total payments	2,717,723	3,032,314	5,505,253	5,750,037
Balance on hand at end of year	17,763,102	23,577,833	32,243,565	41,340,935
RECEIPTS AND PAYMENTS OF MANAGEMENT FUND:				
Receipts from contributions	330,248	459,483	635,030	789,731
Receipts from other sources	61,792	50,148	212,089	111,940
Total	392,040	509,631	847,119	901,671
Payments for expenses of management	343,919	472,663	712,757	816,582
Other payments	10,515	29,420	136,107	39,935
Total payments	354,434	502,083	848,864	856,517
Balance on hand at end of year	293,538	310,658	508,304	604,196

* Including medical aid.

From what has been shown, it is clear that friendly societies have done much for English workingmen and have contributed

largely to the development of their self-respect. It would be a mistake, however, to urge that they have greatly reduced pauperism, or that their membership is composed of a class of men that would otherwise swell this already large class in England. Thus in the case of the Ancient Order of Foresters, where the question was studied, it was found that of the 500,000 members, less than 100 were receiving poor relief. This is all the more remarkable, since this society does not insure an income for old age, and grants sick benefits only in cases where the aged member is suffering from a disease which prevents work; even then the allowance is modest.

We may, therefore, conclude that the membership of these societies is made up of the able bodied, active workingmen of England. These, however poor, are determined on self dependence, and have the initiative to procure for themselves, without solicitation or compulsion, protection against the misfortunes of premature death or invalidity.

NORWAY

Sickness insurance, as provided for in the bill recommended by the Norwegian commission of 1885, already referred to in the section on accident insurance (page 48) was compulsory in character. Under its provisions, workingmen were required to insure themselves either in self-administered registered societies or in a state society covering the entire kingdom. This part of the bill, as will be recalled, failed of passage, though the accident insurance section became law.

Another bill, presented by a second commission appointed in 1900, met a similar fate. In May, 1907, however, the Storthing requested the administration to present proposals for sickness insurance, compulsory for all workmen and employes in official or private service whose wages did not exceed a given amount, costs to be borne by contributions of the insured, the state and employers. The extent to which communes and employers were to contribute was to be determined.

The Minister of Commerce and Industry, accordingly, appointed a commission which included two of the leading actu-

aries of Norway, to draft such a measure. After much deliberation this body in May, 1908, presented its report, which resulted in the law of September 18, 1909. The commission proposed a series of district or communal organizations, with a central state body, and entirely rejected the idea of a national society advanced by the former commission. These societies are to pay benefits for the first six months of illness, with not more than thirteen weeks in the second half year if sickness continues that long. To protect societies against excessive sickness and mortality losses, an "equalization fund" established by the state organization from a part of the state contributions was recommended. This portion of the report is carried into effect under the new law.

The commission advocated a plan for total and permanent disability and old age pensions which would defer the right to claim benefits for a considerable period, and would accumulate a large fund, solvent from an actuarial standpoint according to standards applied to private, voluntary companies. This portion of the report has not yet been adopted. The report embraced industrial and agricultural workers as well as unskilled laborers, and inland sailors under certain conditions. The insured must have been employed at least six days, thus excluding a considerable percentage of day laborers. But, should the latter not be insured, they would be provided for under the accident insurance law. Seamen engaged in foreign trade are excluded, as the conditions which surround them are so essentially different. For these, the law of July 20, 1903, continues to apply. Sailors engaged in coastwise trade, however, are included even if they visit foreign shores for a period of ten days.

Provisions for those obliged to insure are as follows: Workmen must pay six-tenths of the cost; employers, one-tenth; the state, two-tenths; and the commune, one-tenth. For voluntarily insured persons, not included under the compulsory section, the employe pays seven-tenths, the state, two-tenths, and the commune, one-tenth. According to the report, the law will apply to about 980,000 persons, divided according to the table on the following page.

TABLE 47.—ESTIMATED NUMBER OF PERSONS COVERED BY SICKNESS INSURANCE LAW OF 1909

	Estimated Number
Compulsorily insured	400,000
Voluntarily insured	40,000
Married couples	180,000
Children under fifteen years of age	360,000

The commission estimated that the net cost per year would be as follows:

TABLE 48.—ESTIMATED NET COST OF INSURANCE UNDER SICKNESS INSURANCE LAW OF 1909

	Crowns
Benefits	7.06
Burial expenses	.41
Medicines and physicians	6.40
Administration cost	1.13
Total	15.00

For voluntarily insured members this would require a contribution of 16 crowns ($4.32) per year.

It is intended to classify members not only by incomes but also by occupation hazards, rates to be fixed by the state accident insurance department. The following classes will be formed on the basis of income, with the following mean daily rates of wages:

TABLE 49.—INCOME CLASSES PROPOSED UNDER SICKNESS INSURANCE LAW OF 1909

Income Class	*Yearly Income (Crowns)*	*Mean Daily Wage (Crowns)*
I	up to 300	1.00
II	301 to 600	1.50
III	601 " 900	2.50
IV	901 " 1400	3.50

Daily sick pay for each class is 60 per cent of the mean daily wage. In preparing rates for the proposed invalidity and old age pensions, the German invalidity experience was used as a basis. The commission has modified this in a discriminating fashion by the known Norwegian experience, making slight variations at the younger ages, larger variations in the older ages and

in the later years of invalidity at all ages. They also combined the experience for male and female mortality. From this they computed the length of the invalid life, and deduced the death rates for the healthy. The death rates were used in determining payments to be made for invalidity insurance. Interest is to be computed at 4 per cent; but eventually will probably be reduced to 3¾ per cent. The latest population mortality table of Norway was employed for these computations.

The commission regretted the absence of trustworthy statistics of sickness insurance societies in Norway. It believed there were approximately 400 of them, with a membership of 60,000. Premiums are paid entirely by the workers and average a little over seven crowns ($1.89) per annum. Sick benefits average 6.9 crowns ($1.86) per case of sickness, daily benefit being about 40 cents. With the passage of the law there is every likelihood that many of these societies will disappear, as they will be unable to comply with its requirements.

One of the most interesting of these sickness insurance societies is the "Anmeldelige Syge-Kasse," a mutual association organized with special reference to sickness liability toward servants. Under the Norwegian poor law an employer is liable for four weeks for the care of a sick servant. This society undertakes to supply the benefits required by law. The age limit is from fourteen to sixty and there is an admission fee of one crown (27 cents). Premiums are five crowns ($1.35) per annum. Should the society require additional funds, it has the right to assess the members; but it has never done so. Benefits are one crown (27 cents) per day for 28 days, but insurance is not claimable unless the servant has been insured for a period of at least four weeks. The society gives no benefits except as stated. There is a special department of this society which insures women teachers, who pay premiums of 10 crowns ($2.70) per annum, and receive benefits of two crowns (54 cents) per diem if they are confined to the house, and four crowns ($1.08) if they are sent to a hospital.

Interesting in connection with the work of this organization is the fact that all dues are paid at the central office; and even of more interest is the fact that arrearages are col-

lected by a bank, which receives 4 per cent commission on collections. The physician's certificate is the only check which the society employs to prevent malingering. A member must be confined to bed for four days, or be unable to work on account of an accident.

The society has approximately 7,000 members but employs no agent, increasing its membership by advertising in the newspapers and by means of physicians and persons already belonging. There is no medical examination, but indemnity is not given for sickness due to chronic diseases. Premiums are calculated on an actuarial basis.

SWEDEN

In Sweden the first workingmen's insurance law to be passed was the sick-club law of 1891. Under this measure, societies fulfilling certain conditions pay no stamp duty and are granted a subsidy from the state toward their benefits. To obtain this, a society must report periodically to the town council and be registered; it must also have a membership of at least 25 and a properly constituted directory, constitution and by-laws as defined by law. Supervision is exercised by state officials especially as to name, object, conditions of entrance and expulsion, dues, benefits, amount of insurance, etc. Funds may be used only to pay sickness benefits and management expenses.

The subsidy in 1906 was 1½ crowns (40 cents) per member to societies numbering less than 150; one crown (27 cents) per member for those with 101 to 300 members; 50 ore (13½ cents) per member for those with 301 to 2600 members; and 25 ore (7 cents) for each member above this number. In addition, the latter must have collected from its members during the previous year as much as the state contributes. As a result of this legislation, these societies have rapidly increased. There are now over 2200, some containing as many as 20,000 members. In 1906 the total membership was 472,000, one out of every 10 workingmen in the country belonging.

One of the largest of these societies is the "Forenigen Enighet Ger Styrka" ("In union there is strength"). It is thirty-

one years old and has 16,000 members. These pay one crown (27 cents) per month and 50 ore (13½ cents) annually in addition. The society has assets of over 600,000 crowns ($162,000); the income for its last fiscal year being 260,000 crowns ($70,200) and its disbursements over 221,000 crowns ($59,670). Management expenses were only 21,461 crowns ($5,748) or 8.2 per cent of the income. The society employs no agents or canvassers, new members being obtained through the introduction of those who already belong. If a member brings in twenty acceptable new members he receives 10 crowns ($2.70) as an honorarium.

The society gives no free medical service and benefits are limited to 12 crowns ($3.24) per week for eight weeks. All payments are made at the central office, no collectors being employed. There is no "karens" or waiting period. When sickness is reported, an inspector is at once sent to investigate the condition of the member. Burial benefits are granted and death benefits, to the amounts of 150 to 200 crowns ($40 to $54) depending on the number of years of membership. Wives of members, as well as children over sixteen years of age, may join. During the year 1907, 3525 members received sick benefits for a total of 12,138 weeks, making a total sick disbursement of 145,656 crowns ($39,327).

There is also a so-called pension fund in the nature of relief for indigent or superannuated members, for which no additional contributions are asked. Contributions are required up to the age of fifty-five, after which they are paid out of the pension fund. The amounts are empirical and have no actuarial basis. To meet the expenses of this fund, an initiation or admission fee of three crowns (81 cents) is charged to each member. In addition, each on joining, pays 50 ore (13½ cents) into a special fund to be used at Christmas to assist needy members, or, as stated above, to pay their dues if they are unable to do so. This, however, may not be done in any case for more than six months.

These friendly societies are small and co-operative, usually paying relatively large sick benefits and small death or funeral benefits. Some furnish medical service, medicines or even nurses, surgical appliances, as well as sick benefits for a limited time.

Their unscientific rates render them unsound, and unless they readjust these upon an adequate basis for a voluntary system, or insurance is made obligatory, many of them must fail.

DENMARK

Sickness insurance in Denmark is still under the provisions of the law of April 12, 1892. This grants official recognition and a state subsidy to such registered mutual sickness insurance societies as comply with certain exceedingly simple conditions. There must be at least 50 members. The society may be organized either on local lines or by industries, the maximum age limit at entrance being forty; and no person may be a member of more than one society. There is no medical examination and even persons chronically ill may be admitted. These, however, are not entitled to benefits for such illness.

Members and their children under fifteen years of age are entitled to medical treatment. Those living in the country may obtain free transportation to physician or midwife. In addition, sick benefits are paid ranging from 40 ore (11 cents) per day for those living in the country to a maximum of two crowns (54 cents) for men in cities, such as Copenhagen. The sum, however, is limited to the member's average daily wages. During recent years the rate of sickness has varied from two days per man per annum in Jutland to over six days in Copenhagen, calling for an average annual payment of 10 crowns ($2.70) per member throughout the kingdom. To meet this there was an income of 11 crowns ($2.97) per member, to which the government gives as a subsidy, two crowns per member and an amount equal to one-fifth of his contribution. The government contribution in 1907 was about 2,000,000 crowns ($540,000) to about 1500 societies, division of the subsidy being proportioned to the number of members and their contributions. Membership is entirely voluntary, no obligation being imposed upon workingmen or their employers to contribute.

The operation of the law has been, on the whole, beneficent. On January 1, 1907, the 1500 societies had 514,000 members aggregating about 30 per cent of the adult population. A

large number of children, also, are entitled to benefits. Societies are supervised by a state inspector, appointed by the Minister of the Interior. An executive committee elected by the societies, with the state inspector as chairman, exercises a certain supervision over the management. The inspector also each year calls the delegates of the various clubs together in joint conferences. While management is economical, the rates and methods are unscientific and unsound. Practically all are insolvent from an actuarial standpoint with insufficient funds accumulated to meet their claims permanently. This has already shown itself by the fact that several societies have suspended. Accordingly, under the advice of the former state inspector many of them have joined to form a central reinsurance society, by means of which it is hoped to maintain average conditions in all. A member may thus pass from one society to another, without reexamination or other formality. The scheme is ingenious; but there are many difficulties which it only partially overcomes.

Newer and larger societies holding aloof from this federation are offering much lower rates, and are thus rendering the readjustment and conservation of older societies more difficult and precarious. This is always the case when readjustments are undertaken from necessity, and when there is no law to prevent younger societies from continuing with inadequate rates.

The most important of these latter is the "Fremtiden," a sickness and burial society not affiliated with the reinsurance scheme. It was started only 10 years ago and has a young membership. Like many others, it even accepts persons who are ill, giving no benefit for the sickness present at the time of entrance. If parents are members of the society, their children likewise are insured; 15 crowns ($4.05) being paid at the death of a child under fifteen years of age. The widow of a member is entitled to medical treatment and to the burial of her children until she remarries. The society gives additional benefits of 10 crowns ($2.70) for confinements, and double this amount should there be twins. This applies either to married or unmarried women.

Every effort is made to provide good medical treatment for members, and to this end, the society engages specialists

and consulting physicians for severe cases of disease, particularly where surgery is required. Children receive free medical treatment if both parents are members of the society; if only one parent is a member, an additional premium of from 20 to 50 ore (5 to 13 cents) monthly is charged for their insurance. For burial benefits the charge is from 5 to 15 ore (1 to 4 cents) monthly, the former being for one child, and the latter charge for the total number of children.

Applicants are admitted between the ages of fifteen and sixty. The society is growing rapidly, adding about 400 new members per month. At the end of 1907 its membership had reached 21,589. During that year, the average sickness was 7.5 days for each member and the amounts paid averaged a little over seven crowns ($1.89) per member (men 9.3 crowns and women 6.2 crowns). The income of the society for the year was 250,251 crowns ($67,568) from members, together with a state subsidy of 92,207 crowns ($24,896), making a total income of 342,458 crowns ($92,464). The disbursements for sickness amounted to a total of 307,283 crowns ($82,966) divided as follows:

TABLE 50.—SICKNESS DISBURSEMENTS OF THE "FREMTIDEN," 1907

	Crowns
Sick benefits	140,949
Baths, bandages and confinements	12,374
Medicines	51,374
Hospitals	29,358
Doctors' fees	73,228
Total	307,283

Funeral expenses were paid for 82 members and 81 children. There were in all 13,490 persons insured in the burial fund.

The society employs collectors who visit the families monthly and receive 6 per cent commission. Management expenses are 13⅓ per cent of the premium receipts, exclusive of the contribution made by the state, and 10 4/10 per cent of the income including the latter. Malingering is checked by special inspectors who visit the homes and report each suspicious case to the central office. In actual practice, the member, on becoming ill, informs the physician, who notifies the central office. The inspector then visits the home, and reports to the central office upon the

worthiness or unworthiness of the applicant for benefit. The society makes a contract with its physicians, and as no agents are employed, it is through the former principally that new members are obtained. The physician receives an honorarium of one crown (27 cents) for each new member, and three crowns (81 cents) per annum for treating the members of a family. As elsewhere, there is a demand on the part of specialists for higher rates of compensation.

Some of the older sickness insurance societies in Copenhagen find it impossible to compete with this larger society, owing in part to the centralization of the work and its better service, but chiefly to its lower rates, which it is able to maintain at present because it is a young society, chiefly with young, recently admitted members.

Associated with sickness insurance societies are a large number of funeral and burial organizations. In many cases they are merely adjuncts to the former; in other cases they have an independent existence. Entrance to these is limited to men under forty. In 1905, these organizations came under the control of the state and, like the sickness societies, then formed themselves into a central organization in which they reinsure certain portions of their risks. To obtain admission to the larger body, the individual society must submit to the control of the state inspector and adopt the premium rates prepared by him. These are graded according to age, are based on the state mortality tables, and are for ten-year term insurance. The maximum burial benefit is 150 crowns ($40.50).

Though each society must collect assessments equal in the aggregate to the rates prescribed, it may and often does assess each member alike. Valuation is made every five years and if insufficient funds are on hand, premiums are increased. After paying claims the registered societies annually turn over their surplus income to the central body; and, if there be a deficit in any society, the general reinsurance fund makes it good. No attempt has as yet been made to maintain the full reserve. The actual funds amount, at present, to 500,000 crowns ($135,000) but should be about 2,000,000 crowns ($540,000).

HOLLAND

There is no state provision for sickness insurance in Holland. It is entirely in the hands of mutual societies distributed throughout the country. Though the origin of some of these societies is traced back to sick clubs of the industrial guilds of the middle ages, most of them are a development of the second half of the nineteenth century. There are nearly 700 of them and they may be divided into three classes. About one-third give medical treatment only; more than half pay sick benefits only; the others give both medical treatment and sick benefits.

One association has more than 100,000 members, several exceed 10,000 each; but usually the societies are small aggregations of workingmen of a certain locality or trade associated for the purposes of mutual protection. In many cases the number of beneficiaries of a society is larger than the number of members, since payment of premiums by the parent provides benefits for the sicknesses of wife and children also. Total annual premiums from this source are about 2,000,000 guilders ($800,000).

In societies affording medical treatment, as a rule, membership is open only to those not in a position to obtain medical treatment in the ordinary way. The applicant must be in good health, although few clubs require medical examination. Persons over fifty years of age are sometimes admitted though usually not; and there is often a limit upon the youngest age. Dues, payable weekly, average from 10 to 12 cents, and in most societies are the same for all ages. Medical treatment is given by one or more physicians between whom the members may choose, and medicines are procurable at an authorized drug store. Children whose parents belong usually receive treatment free, or reduced premiums are paid for them up to a certain age, which varies from twelve to eighteen years. Frequently these societies are business enterprises, set on foot by a physician or druggist or by the two together. A few of the larger are on a philanthropic basis; and the management may be, as in Amsterdam, under the supervision and direction of the city authorities. They usually accept members only between the ages of fifteen and sixty years, requirements for admission being good health and a known means

of support. Many give benefits not only for sickness, but in case of death. The highest weekly cash benefit is 15 guilders ($6.00) and the minimum, one guilder (40 cents). On the average, the sum of five guilders ($2.00) is granted for 13 weeks, for a weekly premium of from five cents to ten cents. After certain ages, generally thirty-five, the premium in some societies is increased 50 per cent every five years.

Societies or funds are frequently organized by trade unions, by unions of employers, or in connection with industrial establishments. The legal form is either a stock company, a fraternity, or simply an unincorporated association. In addition, there were, in the year 1890, 416 factory sick funds, with 52,000 members, usually supported by joint contributions of employers or employes. Many proprietors, however, pay sick benefits without contributions from employes. Lacking a scientific basis, these organizations are unsound and must become insolvent if continued on a voluntary plan. As they are not subject to state supervision, their management sometimes develops arbitrary methods, and the disappearance of officers in charge of their funds is not an unusual occurrence.

It appears from the above that universal sickness insurance in the Netherlands is still far from complete. This condition led the administration, on November 17, 1904, to lay a bill for sickness insurance before the Staten Generaal. The bill included all over sixteen years of age who are regularly employed at less than 1200 guilders ($480) a year. It was expected to give benefits not only for the illness of the workingman and his wife, and children under sixteen, but for that of his parents, grandparents and parents-in-law if they lived with him and were over sixty-five years of age. Insurance was to be carried on either through a state, a district or an establishment society, the state and district societies to be conducted by the communes while the third class was to be for workingmen of special industrial enterprises only. The workingman was given the right to select the society he would join.

Holland was for this purpose to be divided into districts, each having at least 50,000 inhabitants. The special societies could be created by royal consent only. Each society was to give medical treatment, together with sick benefits, up to a maximum

of 180 days, provided the workingman was incapacitated by illness for at least two days. The amount of benefit was to vary from 35 to 70 per cent of the wages, according to the measure of invalidity. In maternity cases, sick benefits were to be given for 28 days before and for a like period after confinement. Premiums to be paid partly by the employer and partly by the employe were to be based on the wage class to which the workingman belonged. Owing to a change of administration in 1905, the bill failed; but a second bill was presented on September 20, 1906. It was drawn practically on the same general principles; but was also recalled, leaving the situation as before.

It must be added in explanation of this apparent apathy on the part of the legislature, that, in a certain measure, there is already provision for sickness in the Netherlands. Through the poor laws of 1854, the communes are required to give needy persons free medical treatment. In Amsterdam, out of a population January 1, 1907, of 564,194, as many as 51,016 individuals, or $9\frac{1}{16}$ per cent, had this right to medical treatment, medicine, hospital care and communal support. The cost to the communes, inclusive of hospital treatment, during the year 1905, amounted to 228,200 guilders ($91,280), or .11 guilders ($4\frac{1}{2}$ cents) per capita of the population.

A good example of a sickness insurance society in Holland is the "Alegemeen Ziekenfonds voor Amsterdam," established in 1847. It has prospered above all the rest, and in 1907 had 108,000 members, including 38,521 children. Dues average about 10 cents a week for men and women and about two cents for each child with a maximum of 10 cents for all the children of a family. This premium covers only medical treatment, medicines, trusses, spectacles, etc.

In addition, the society has a special department in which cash benefits of 60 cents per day are granted in event of sickness. To be admitted the applicant must be examined by a physician and pay an additional premium of 10 cents a week. Admission is open only to men from fifteen to fifty years of age. Only 7400 members belong to this section, the rest receiving medical care only. Premiums are collected by agents who re-

ceive a fixed salary of from 10 to 15 guilders ($4.00 to $6.00) per week, and in addition 10 cents for each new member secured. An average weekly collection is from 350 to 400 guilders ($140 to $160).

One hundred and twelve physicians are employed by the society, the member having choice among them. The surplus at the end of each year after paying all expenses is divided among the physicians and druggists under contract with the society. For the year 1907 receipts from all sources amounted to 401,355 guilders ($160,542), the number of prescriptions written, to 933,998, with a total cost of 91,014 guilders ($36,406); cash benefits amounted to 258,602 guilders ($103,441); and commissions to agents, to 36,268 guilders ($14,507).

Another society of interest is the "Ziekenzorg Handwerkers Vriendenkring" with a membership of about 34,000. This society was originally started by Jewish workmen of a certain trade because of complaints against the medical treatment given by other associations. Following the method in vogue in Leipzig, physicians are paid according to the number of visits. Druggists in like manner are paid for the cost of drugs, and in addition, are compensated for putting up the prescriptions. Dues are 11 cents a week with two cents for each child, and a maximum of 10 cents for all the children in a family. A polyclinic is also conducted which to all intents and purposes is a dispensary, where members are given medical treatment. In the sick benefit department, between 1500 and 1600 men and women are insured. Dues here are from 10 to 15 cents per week for which benefits of from 4½ to 6 guilders ($1.80 to $2.40) per week are given for 13 weeks. These are paid even if the member, in case of accident, receives additional compensation from an accident insurance company or employer. Benefits are not paid for cases of confinement.

Premiums are collected by agents, who receive a commission of 30 cents for new members in addition to a fixed weekly salary of 16 guilders ($6.40). The society maintains a reserve fixed by its own by-laws, by no means adequate, however, for an organization operating on a voluntary basis.

Burial societies are even more popular than sickness societies among Dutch workingmen who receive small wages. It is estimated that one-half of the population, namely, 2,500,000 persons, are members of such organizations, exclusively the result of private initiative. For a monthly premium they guarantee a sum at the death of the member, in many cases barely the cost of burial. As early as 1890, there were 433 such associations, of which nearly half were private. About the same number had sickness insurance societies attached to them. A few were burial societies of trade unions. About one-fifth carried their activities over the entire country, nearly all the others being local. Many are very large; five had more than 100,000 members each, and fully 50 had more than 5000. There is one such society for every 10,406 inhabitants.

The burial societies for a fixed level premium during life insure a definite sum in case of death. Many, in addition, pay a so-called "Freie Leistung"; that is, a sum at the death of a minor child, if both parents are living and insured with it. Not less than 58 per cent of the 342 societies whose rates were investigated, require the same premiums without regard to age. In a few of the large organizations a fixed premium is charged, graded according to age at entry, but these are all much lower than in life insurance companies. In the burial societies with Freie Leistung, the premiums have no scientific basis, being the same as in societies which do not give these benefits. Naturally, married couples chiefly form the membership of such an organization; yet it is remarkable that none of these clubs makes any attempt to ascertain the number of children per member, although they are insured by the society along with their parents.

A few financial items will be of interest. The 433 societies comprise over 2,212,000 members, or about 50 per cent of the entire population, insuring them for an aggregate of 130,950,000 guilders ($52,380,000), or approximately 60 guilders ($24) per member. The premium income per annum is estimated to amount to 4,150,000 guilders ($1,660,000). On an average the societies are paying over 2,000,000 guilders ($800,000) in death claims; expenses are about 1,450,000 guilders ($580,000); aggregate assets are about 12,500,000 guilders ($5,000,000). On the as-

sumption that the funds earn interest at 3½ per cent per annum, the total income is estimated at 4,500,000 guilders ($1,800,000), and the total disbursements at 3,400,000 guilders ($1,360,000), leaving an annual surplus available for investment of 1,100,000 guilders ($440,000). As the premiums are known to be too low, this surplus must inevitably, unless compulsory membership is introduced, gradually disappear and be replaced by large deficits.

The legal character of the burial societies differs widely. Some are a continuation of the middle age guilds, and should really be looked at in the light of endowments. Their management is under the supervision of the state authorities. Others are private undertakings. Still others are societies with limited liability formed under the business corporation laws. In all, there is little or no control by members, this being at present almost entirely vested in the managers. As a result, the societies are mere sources of income for the latter. Owing to this want of supervision, as in the case of some of the British friendly societies, risks have been assumed which were not warranted. Persons have been accepted for membership who under the rules were not admissible, and afterwards, although they had paid premiums for some time were stricken from the rolls. In places where losses exceeded premiums and where little new insurance was being obtained, agents were withdrawn, and as members did not know where to pay premiums, their rights were lost by lapse. It has been found, also, that where burial societies were most active, infantile mortality was highest and that it was common for parents to insure their ailing children. Absence of medical examination was largely responsible for this.

Until 1891 there was no state supervision of these societies. The report of the Society for Improving Public Welfare for the year 1888 showed evils so great that the government, on April 4, 1892, appointed a special commission to present a bill for the regulation of burial and similar societies. It reported February 27, 1897. According to its recommendations, only incorporated societies were to be permitted to furnish such insurance; they should be registered and required to report under what conditions persons might become members; how the officers and directors should be elected or appointed and by whom, and

what provision, if any, would be made for the distribution of assets upon dissolution. Each society, with the exception of those formed by trade unions, was to be required to deposit a guarantee of 50,000 guilders ($20,000) with the state. The annual report should be open for inspection and should contain a full statement of the society's financial condition and of its transactions. The commission also recommended that a central inspection commission supervise all such organizations. No practical results appear to have followed these recommendations.

BELGIUM

In Belgium, sickness insurance has followed the course taken by France. In 1851, one year after the passage of the French law for the encouragement of sickness relief societies, a similar measure "recognizing" friendly societies was adopted in Belgium. These insured their members against sickness, accident, invalidity, and death. To such as complied with certain conditions, the state granted, among other things, the right to sue and be sued, exemption from certain taxes, etc.; but these privileges were deemed so unimportant that only a few societies took advantage of them. In 1861, in order further to encourage the development of this form of insurance, a provision was made by the government for triennial competitions among societies, prizes being offered to those showing the best results; and in 1887 committees were appointed in the various provinces to encourage the establishment and development of new friendly societies. All of these attempts, however, proved futile. While most of the sickness insurance societies consented to register, there was no great inclination to do so. This was particularly noted by a commission appointed to study the general condition of workmen. Its report deplored the fact that the attempt to establish sickness insurance societies had been an entire failure, that the plans of the societies were unscientific, and their financial condition unsatisfactory. It also showed that unattached workingmen, as well as those engaged in agriculture, were practically without insurance in friendly societies and that a state subvention was needed.

At the present time, sickness insurance is regulated by a law passed June 23, 1894. Only "registered" societies are "recognized." The scope of their operations is defined, in part, as follows: (1) The payment of sickness and burial benefits, the temporary assistance of families of disabled members, and the aiding of members and their dependents to make use of the governmental savings and annuity bank; (2) cattle and crop insurance; (3) encouragement of savings; (4) granting loans to members, not to exceed 300 francs ($60) to each. "Recognition" carries with it, as has been said, the right to sue and be sued and exemption from taxation, as well as a state subvention. Such societies may also form federations. Their investments are subject to state supervision, but the management is autonomous. The dissolution of a "registered" society can take place only upon a judicial decision, and only when the society has exceeded its powers or is unable to pay its debts. In spite of much recent encouragement, the number of friendly societies is still comparatively small. In 1907, there were in all 3330 associations, with a membership of 400,000. When it is considered that Belgium has a population of 7,300,000, of whom about 1,200,000 are wage-earners, it is clear that a large number of workingmen are still unprovided for. In 1904, the total assets of 2256 registered societies with 254,132 members amounted to 7,600,000 francs ($1,520,000); receipts for the same year amounted to 3,900,000 francs ($780,000) and expenses to 3,400,000 francs ($680,000).

Very little can be said about the unregistered societies. There are approximately 800 of them with a membership of 50,000. Their management is unrestricted; they make no reports to the government and receive no state subvention.

There are also organizations of civil servants, created in 1859 by imperial decree, which include pension and sickness insurance societies for workmen on the Belgian state railways, as well as friendly societies for miners. Besides sickness insurance, these organizations supply accident, old age and invalidity insurance.

The law of March 31, 1898, which, like the French syndicate law of 1884, gave the trade unions large recognition

and standing, has not brought about any noticeable development of workingmen's insurance in the various trade unions of Belgium.

FRANCE

Until recently, legislation in the field of workingmen's insurance in France was subject to ideas resulting from the Revolution. Following the traditional individualistic principles of the Roman law, the struggle against need was left to voluntary individual or collective effort. In spite of this, the influence of the German insurance system slowly began to make itself felt, the interest of the state was awakened, and today one may observe in this country a strong, uniform and progressive movement in this direction.

Soon after the Revolution, mutual sickness societies began to be organized and replaced the old trade guilds, which were forbidden by law. At first, these societies were eyed with suspicion by the authorities; but later, when it was seen that they supplied a genuine want in the lives of workingmen and were not dangerous to public order, they were openly countenanced. As the political power of workingmen increased, their societies grew in members and strength; and by 1847, there were 2056 of them with total funds of 5,720,000 francs ($1,144,000). From the beginning these organizations aimed to give benefits to their members in certain exigencies. They were of small membership and without systematic management. Unregulated by law or the principles of actuarial science, they made little distinction between the various types of insurance and granted sick benefits, funeral benefits, invalidity and old age pensions. Because of insufficient contributions they were constantly going to the wall. The necessity to regulate and supervise them soon became evident, as did also the need of encouraging and supporting workingmen's insurance by governmental means.

A law enacted in 1834 had already recognized so-called "free societies" which obtained a permit from the authorities. They were known as "sociétés autorisées," but had no special powers and no legal standing. To improve their status, and to

correct the situation noted above, the law of 1850 was passed. It established, alongside of these "authorized" societies, a group of "recognized" societies (Socétiés reconnues comme établissements d'utilité publique), whose purpose was to encourage the granting of temporary assistance to disabled members, as well as the payment of burial benefits. To these certain privileges were given, such as a legal status and freedom from taxation, subject to certain restrictive conditions.

This law was ineffective, and in consequence a decree of 1852 established a third class "Sociétés de secours mutuels approuvés" or "approved" societies whose object was also to give relief to incapacitated members and to furnish burial benefits. Old age benefits could be given only if the society had a certain number of honorary members, that is contributing "patrons," who drew nothing in return. The by-laws of each society were subject to approval by the authorities; and an approved society could sue and be sued, was exempt from taxation, and was entitled to a free meeting place and to have its accounts kept by the commune. These latter privileges were also given to recognized societies.

The approved societies receive the greatest encouragement. They obtain aid of various sorts from the municipality, enjoy two sorts of subvention from the government, have the right to deposit their funds with the Caisse Nationale de Dépôt, a government department, and to receive interest at 4½ per cent per annum, although the government can command all the money it wants at 3 per cent or less. In addition, they receive subventions directly. In return for these advantages approved societies must submit to regulation by prefects and by the Minister of the Interior, make annual reports of their financial condition, supply sickness and other statistics, and if they furnish annuities submit a valuation every five years at least.

An interesting development of the approved societies took place in the nineties. As in other countries, a large number of children had always been insured in these societies together with their parents. The children could not, however, have much sense of personal responsibility, often being unaware of the fact

that they were members. Under the auspices of certain public spirited citizens, and with the co-operation of school teachers, a plan was developed for the direct enrollment of pupils in societies of their own. Boys and girls between the ages of six and sixteen thus learn to save money for old age, and to provide against disability by means of insurance. At sixteen they are enrolled in adult societies. This early membership is a great advantage, for to begin in advanced years to provide for an old age annuity is difficult, as sickness and disability premiums almost entirely absorb the contributions a wage-earner is able to make.

In 1898, therefore, three types of societies existed; the authorized, the recognized, and the approved. In that year a law was enacted whereby the authorized societies were replaced by the so-called "sociétés libres," free or unregistered societies, from which many disabilities were removed; the recognized societies were also combined with approved societies and subjected to the same regulations and supervision. At the present time, all mutual sickness insurance societies in France are of one of two categories, approved or free, corresponding to registered and unregistered in England.

The new law aims to enlarge the sphere of mutual sickness insurance societies, to put them upon an actuarial basis, and at the same time to extend the supervisory powers of the government. Official "authorization" is no longer necessary to establish a society; but the proposed by-laws over the signatures of the executive committee must be submitted for approval. Societies are granted corporate existence but with strictly limited powers. They may undertake any form of insurance authorized by law, and are no longer required to deposit their assets with the government, or to purchase their annuities of the government. If they do neither they may invest their funds up to but not to exceed three-fourths of their assets in real estate and real estate mortgages. They may form federations for mutual purposes, distributing among constituent societies the burden of each, thus securing a basis large enough to furnish reliable averages, and permitting free movement of members from one district to another without loss of privileges.

The following tables will show the growth in number of the two types of societies, approved and free, since the establishment of the law of 1898.

TABLE 51.—NUMBER OF FREE AND APPROVED SOCIETIES, 1898–1908

Societies	1898	1903	1904	1907*	1908*
Approved for adults	8,391	11,205	11,892	13,700	14,400
Approved for school children	181	1,907	2,119	2,100	2,100
Total approved societies	8,572	13,112	14,011	15,800	16,500
Free	3,253	3,203	3,221	3,700	3,700
Total all societies	11,825	16,315	17,232	19,500	20,200

* Figures for number of societies 1907 and 1908 represent preliminary estimates only.

The reported membership was as follows:

TABLE 52.—MEMBERSHIP OF FREE AND APPROVED SOCIETIES, 1898–1907

Societies	Number of Members			
	1898	1903	1904	1907*
Approved for adults				
Active members	1,279,358	1,770,772	2,037,377	2,951,000 †
Honorary members	244,632	313,455	341,247	410,000
Approved for school children				
Active members	..	563,047	606,632	665,000
Honorary members	..	46,667	46,881	65,000
Total in all approved societies	1,523,990	2,693,941	3,032,137	4,091,000
Free				
Active members	351,544	403,678	419,910	554,000
Honorary members	33,935	36,224	36,371	35,000
Total in free societies	385,479	439,902	456,281	589,000
Total in all societies	1,909,469	3,133,843	3,488,418	4,680,000

* Figures for number of members 1907 represent preliminary estimates only.
† Including 370,000 children.

Under the influence of the law of 1898 the number of societies has almost doubled. Statistics of the number of members in these societies are incomplete, because not all are reported to the ministry. Consequently, Table 52 applies only to 11,451 approved societies for adults, 2029 approved societies for school children, and 2977 free societies. From the foregoing figures it will be seen that "honorary members" play an important part. They are usually men of means who give largely both of time and money. Recently, too, their numbers have grown remarkably. In 1898 there were 275,000; at the end of 1904, 425,000; and at the beginning of 1907, the number had reached 510,000. In France, nearly every benevolently inclined person in a community is an honorary member of one or more such societies.

The large number of young people is also worthy of notice. Of the 4,170,000 active members, no less than 1,065,000, or over 25 per cent, were children. About 370,000 are insured with their parents, but no fewer than 665,000 are independent members, belonging to school children's societies. Much of this remarkable growth is due to the interest taken by teachers, and through their efforts the future of all societies, both junior and adult, would seem to be assured. The great strength of these organizations is shown, not only by the large number of members, but by the immense amount of funds amassed. This amounted at the close of 1904 to 352,493,520 francs ($70,498,704) in the case of approved societies for adults; to 7,299,065 francs ($1,459,813) in the case of approved societies for school children; and 45,846,844 francs ($9,169,369) in the case of free societies, or a total of 405,639,429 francs ($81,127,886).

Employers contribute only when the societies are founded in connection with a particular establishment. Nearly all are, therefore, entirely controlled by their members who contribute monthly premiums, usually of one franc. The sum, however, varies with the character of the society and the nature and amount of its benefits. When the wife and children are insured with the husband, an additional contribution is required. Tables 53 and 54 on the following pages show the income of these societies from members, subventions and other sources as well as their beneficiaries.

TABLE 53.—INCOME OF APPROVED AND FREE SOCIETIES, 1898, 1903, 1904

Approved Societies for Adults

	1898 (*Francs*)	1903 (*Francs*)	1904 (*Francs*)
Premiums of active members	17,890,204	23,999,813	25,323,423
Premiums of honorary members	2,568,449	3,306,106	3,374,769
Subventions, gifts and legacies	2,253,217	2,938,841	3,070,832
Other receipts	2,594,969	4,429,077	4,931,883
Interest	3,670,175	5,868,725	5,958,269
Total	28,977,014	40,542,562	42,659,176

Approved Societies for School Children

Premiums of active members	2,549,304	2,772,546	
Premiums of honorary members	134,700	136,256	
Subventions, gifts and legacies	205,209	250,255	
Other receipts	131,494	177,825	
Interest	101,930	115,958	
Total	3,122,637	3,452,840	

Free Societies

Premiums of active members	5,222,335	5,552,786	5,697,379
Premiums of honorary members	389,374	457,418	513,399
Subventions, gifts and legacies	1,302,760	1,542,394	1,459,695
Other receipts	921,365	2,019,678	2,108,419
Interest	1,460,402	1,529,739	1,518,905
Total	9,296,236	11,102,015	11,297,797

TABLE 54.—NUMBER OF BENEFICIARIES OF APPROVED AND FREE SOCIETIES, 1904

Approved Societies for Adults

	Number of Beneficiaries
Sick	446,392
Old age pensioners from the common fund	66,519
Pensioners who have received aid from the free fund	55,339
Beneficiaries at death of members	415
Dead with funeral expenses	19,329
Widows and orphans	9,520
Aged	6,044
Cripples and chronically sick	4,420
Total	607,978

Approved Societies for School Children

Sick	65,803
Dead with funeral expenses	152
Total	65,955

FRANCE

Free Societies

	Number of Beneficiaries
Sick	99,550
Pensioners	9,124
Dead with funeral expenses	3,058
Widows and orphans	2,027
Aged	1,719
Cripples and chronically sick	935
Total	116,413

All Societies

	Number of Beneficiaries
Sick	611,745
Pensioners	130,982
Dead with funeral expenses	22,539
Beneficiaries at death of members	415
Widows and orphans	11,547
Aged	7,763
Cripples and chronically sick	5,355
Total	790,346

There are, therefore, at the present time not less than 1,000,000 persons receiving benefits. Toward providing these, the approved societies, as has already been pointed out, obtain subventions from the state. Thus in 1903 they received from the communes and departments 827,000 francs ($165,400); from the state, to those societies which provide old age pensions, 350,000 francs ($70,000); and from the state for old age pensions 4,871,000 francs ($974,200); or a total of 6,048,000 francs ($1,209,600). The management expenses of the approved societies for adults were 1,724,115 francs ($344,823), or 5.2 per cent of all expenditures; of approved societies for school children 130,063 francs ($26,013), or 4.55 per cent, and for free societies 564,704 francs ($112,941), or 6.6 per cent.

Sickness insurance is the chief business of these mutual societies, at least 90 per cent of them giving sick benefits either exclusively, or accompanied by some other form of benefit. The following statistics will bring out the esential facts concerning sickness insurance benefits:

TABLE 55.—CHARACTER AND VALUE OF BENEFITS PAID BY APPROVED AND FREE SOCIETIES, 1904

	Approved Societies for		*Free Societies*
	Adults	*School Children*	
Societies paying physicians' fees	7,860	109	1,505
Societies paying cost of medicines	7,095	74	1,466
Societies paying sick benefits in cash	5,885	3,171	2,680
Number of sick	446,392	65,803	99,950
Members receiving sick benefits in cash	278,352	63,158	72,844
Days of sickness	7,187,441	1,431,636	1,456,935
Sick benefit per sick day (*Francs*)	1.14	0.46	..
Sick benefit per sick member (*Francs*)	29.30	10.44	..
Cost of medical attendance (*Francs*)	4,064,152	8,623	600,029
Cost of medicines (*Francs*)	4,765,164	9,067	492,457
Sick benefits paid in cash (*Francs*)	8,169,047	659,583	2,197,297
Total benefits paid (*Francs*)	16,998,363	677,273	3,589,783

Sickness insurance societies are in most cases small, perhaps not more than 100 having over 300 members. Usually they are composed of groups of persons brought together by local or trade connections. With few exceptions they have made no attempt to employ agents, either to increase their membership or to collect dues.

Typical of the larger mutual organizations is "L'Union du Commerce." It has 23,000 members, mostly clerks in stores in Paris, and is growing rapidly. Membership is open to all and no medical examination is required of entrants under thirty. Dues are two francs (40 cents) per month, which entitles the member, in case of sickness, to medical aid, medicines, and a sick benefit of two francs a day for a period not to exceed 60 days, and to one franc a day for a period not to exceed 30 days. The member may, instead of a cash benefit, elect to receive hospital treatment at the society's expense. He must be treated by the physician employed by the society who is nearest at hand, but under certain conditions as to compensation to be paid by the society, may employ his own doctor. In a case of tuberculosis arrangement is made for admission to a sanatorium. No medical treatment is given either to the wife or children of a member, un-

less they themselves belong and contributions are made for them. Children over seven pay one franc (20 cents) per month, but are not entitled to cash benefits during sickness. In addition to sick benefits, an old age annuity is payable to members over sixty, provided they have been in good standing for at least 15 years. The society employs no agents and pays no commissions. New members are introduced by those who already belong. Dues are in most cases collected by employes who receive a monthly salary; in large establishments an employe is appointed to collect dues from other employes or very often the employer himself acts in this capacity for a consideration.

L'Union du Commerce, like other societies of this class, receives 10,000 francs ($2000) a year from the state. It also receives a large income from its 400 honorary members, and is thus enabled to pay funeral benefits to the amount of 240 francs ($48). In addition, the widow if in need may be paid from 50 to 100 francs ($10 to $20). Benefits in some cases are paid to children for purposes of education. There is no insurance against unemployment, but the society occasionally advances money to members at such a time.

There are also sickness insurance societies under the management of some of the communes, membership in which is voluntary. Investigation shows that few workingmen belong, members for the most part being small proprietors, self-employed workmen, clerks and salesmen. No agents are employed, but the societies advertise in the newspaper. In each arrondissement of Paris, for example, there is such an organization under the direction of the mairie, which any one of good character may join. The number of members is still small. In the ninth arrondissement, with a population of about 100,000, membership in 1907 amounted to only 1886, which included honorary members, who also play a most important part in the affairs of these societies. Admission, subject to medical inspection, is open to both sexes from the age of two to forty-five upon the payment of an entrance fee of one franc upwards according to age. The table on the following page will show the monthly dues, which must be paid at the central office.

TABLE 56.—MONTHLY DUES CHARGED BY COMMUNAL SICKNESS INSURANCE SOCIETIES

Age at Entrance	*Men* (*Francs*)	*Women* (*Francs*)
2 to 16	0.75	0.75
16 to 20	2.25	1.25
21 to 25	2.50	1.50
26 to 30	2.70	1.60
31 to 35	2.80	1.80
36 to 40	3.00	2.00
40 to 45	5.00	5.00

In case of sickness, the society grants medical aid as well as a benefit of two francs (40 cents) per diem for men and one franc (20 cents) for women. Admission to a convalescents' home is also provided for both men and women. There are no fixed pensions for old age.

Trade associations, the so-called "syndicats professionels," also play an important part in workingmen's insurance. These associations were for a long time revolutionary in character and under the ban of the law. Later the conservative element in them saw that, if they were to increase in membership and extend their usefulness, they must modify their plan of organization and offer attractive benefits. This policy was adopted by a majority of the societies and in consequence the law of 1884 repealed all previous legislation restricting the powers of the "syndicats professionels" in respect to granting benefits. They are now permitted to provide any benefit, industrial, commercial or agricultural, which they see fit, and may secure a legal standing similar to that granted the "free" sickness societies, by submitting their by-laws over the signatures of the executive committee to the local authorities. They are given the right to sue and be sued and to acquire property. They may also form federations and organize special benefit and insurance funds. Only when such a society has violated certain laws may legal proceedings for its dissolution be instituted. Trade associations which under their by-laws furnish benefits, enjoy all the rights of sickness insurance societies

under the law of 1898. The following figures are from the official report of trade associations of France:

TABLE 57.—NUMBER AND MEMBERSHIP OF TRADE ASSOCIATIONS WHICH PAY BENEFITS, 1900, 1905

	January 1, 1900		January 1, 1905	
	Number	*Members*	*Number*	*Members*
Associations established by employers	2,157	158,300	3,102	252,036
Associations composed solely of employes	2,685	491,647	4,625	781,344
Associations of mixed membership	170	28,519	144	25,863
Agricultural associations	2,069	512,794	3,116	659,953
Total	7,081	1,191,260	10,987	1,719,196

The activities of these societies include (1) 1366 employment bureaus; (2) 929 sickness benefit funds; (3) 718 unemployment funds; (4) 695 funds to support workmen traveling in search of employment; (5) 76 old age pension funds; (6) 26 funds insuring against industrial accidents.

Of all the trade groups, the best protected against sickness are seamen and miners; for them obligatory sickness insurance schemes have been established by law to which both employers and employes contribute. Seamen when disabled by their employment are compensated by the ship-owners for a period up to four months, at the end of which time obligatory accident and invalidity insurance applies. Protection offered by this measure has already been discussed in connection with our treatment of accident insurance in France.

In accordance with the law of June 29, 1894, modified by that of December 19 following, mutual sickness societies were organized among miners, to which both employers and employes must contribute. They furnish medical attendance, medicines and sick benefits to disabled members and in case of death relieve their families. They may also pay cash benefits or annuities to widows and orphans and dependent parents; and may provide assistance for the wives and children of members called into the territorial or reserve military services; also special pensions for widows and orphans of such deceased members.

These societies are maintained: (1) By deductions from wages, the amount of which is fixed by the administrative coun-

cil of each society, but must not exceed 2 per cent of the wages nor 48 francs ($9.60) per year; (2) by payments by the employer of a sum equal to one-half the aggregate amounts paid by members; (3) by subsidies from the government; (4) by sums donated or bequeathed by charitably disposed persons; and (5) by fines incurred by infringement of rules or regulations. They differ from ordinary sickness insurance societies only in that membership and the contributions both of employers and employes are obligatory.

The following figures show the condition of the miners' funds.

TABLE 58.—STATISTICS OF MINERS' SICKNESS SOCIETIES, 1900 AND 1906

A. GENERAL STATISTICS

	1900	1906
Number of societies	197	199
Number of members	178,876	204,570
Number of members to each society*	908	1,027
Number of sick	141,090	147,605
Percentage of members	79	72.2
Number of days sick	2,042,776	2,292,889
per sick person	14.48	15.5
per member	11.42	11
Compensated sick days	1,925,307	2,161,525
per sick person	13.64	14.65
per member	10.76	10.56
Number of deaths from accidents	221	1,302
Number of deaths from sickness	1,558	1,611
Total deaths	1,779	2,913

B. INCOME

	(*Francs*)	(*Francs*)
Contributions of workers	3,770,686	4,417,798
Per member	21.08	21.60
Trade associations' contribution	1,929,430	2,215,263
Per member	10.79	10.80
State's subvention	929	4,468
Per member	0.005	0.02
Fines	373,270	390,086
Per member	2.09	1.90
Interest	72,129	108,051
Per member	0.405	0.52
From the reserve fund	156,395	..
Per member	0.87	..
Various sources	115,103	187,463
Per member	0.64	0.92
Total	6,417,942	7,323,129
Per member	35.88	35.76

*12 societies have more than 3000 members, 54 less than 200.

C. EXPENDITURES

	(*Francs*)	(*Francs*)
Medical services	670,709	898,697
Medicines	1,758,586	2,162,289
Hospital service	54,585	104,374
Sick benefits	2,579,752	2,962,915
Death benefits	106,769	125,644
To the pension fund	83,850	106,299
Aid to sick	132,802	174,311
To incurably sick members	68,211	63,543
To dependents of deceased members	150,260	268,093
During military service	168,539	142,918
Various benefits	94,881	113,174
Cost of management	75,810	127,194
Compensation to dismissed members	22,738	23,581
Compensation to judges and inspectors	39,320	56,833
Total	6,006,812	7,329,865

In considering sickness societies as a whole, it is encouraging to note that they are more and more realizing their function as institutions for social welfare. Together with other agencies, many organizations, and especially the larger of them, have recently taken an active part in the work of social hygiene. Some support sanatoria for tuberculous members and print and distribute literature on personal hygiene. Despite their recent development they are still small and cannot attempt what the great fraternal bodies of England have done. Yet, in the words of M. Georges Paulet, who has charge of the governmental supervision of these societies, "If they continue to increase in the coming years as rapidly as they have in the past decade; if they extend their activities especially into those parts of the country where they are now inactive; if, in spite of their growth, they retain their original fraternal character but at the same time succeed in giving to their operations the technical security of sound insurance; and if they do not, with the widening of their sphere of beneficence, permit themselves to forget that the field of sickness insurance is their primary duty, they will surely be among the most valuable instruments for social well-being throughout the entire country."

Of great importance is the part which certain mutual insurance societies play in the larger cities in the campaign

against infant mortality. This is the especial business of those known as "Les Mutualités Maternelles." They are semi-charitable in character, the contributions of honorary members being of the greatest importance. No admission fee is exacted of young married women, whose contributions are usually limited to three francs (60 cents) a year. In case of sickness or confinement the society grants benefits, generally for four weeks, supplemented by additional sums if needed, and by the service of advisory stations and milk depots. The sick benefit is granted, however, only on condition that the mother is not engaged in work away from her home during the time she is a beneficiary.

A large society of this kind has been developed in Paris under the management of a former employer, Mr. Poussineau. It has done much good service, and has been an incentive to the establishment of many day nurseries. On January 1, 1907, there were 42 such societies in France with 18,681 women members.

SWITZERLAND

As in France, sickness insurance in Switzerland has been almost entirely in the hands of voluntary mutual societies. The first attempt on the part of the government to regulate these was made in December, 1871, when a law was passed to assure the security of relief and pension, and savings and loan societies among railroad employes. Since 1886, railway concessions have been made or renewed only on the condition that the railroad companies create for their employes, pension and relief funds approved and regulated by the government. A law of June 28, 1899, further regulated societies for the employes of railway and steamship companies and a series of acts provide for the care of disabled employes at the charge of the employer. In all these measures, however, no adequate provision for sickness insurance exists.

It is only since 1890 that anything like a concerted effort has been made to establish uniform and comprehensive legislation in this field. During the discussion in the Federal Council of a proposed workmen's compensation act, stress was laid on

the necessity for a sickness insurance law as well. In June, 1890, the Assembly adopted a resolution directing the government to prepare a bill providing for sickness and accident insurance. Due provision was to be made for utilizing existing sickness insurance societies, of which there were many. Insurance was to be obligatory for all or only for certain classes of the population, as might be preferred. This proposal was submitted to the referendum October 26, 1890, and was approved by an overwhelming majority.

Six years later, January 1, 1896, the Federal Council presented two bills to provide for sickness and accident insurance. These were eventually united with a bill presented June 28, 1898, covering military insurance. The section dealing with sickness proposed compulsory insurance for all workingmen and women of fourteen years of age or over, if the period of employment was not less than a week and yearly earnings did not exceed 5000 francs ($1000). Arrangements were also made for establishing cantonal sickness insurance societies which would admit day-laborers and others not provided for by federal sickness societies and who did not elect to insure in a private society. In addition, employers of certain classes were required to establish sickness societies for their employes.

Medical care and medicines were to be furnished up to one year, and a sick benefit, beginning with the third day of incapacity. In case of complete incapacity, this benefit was to be 60 per cent of the daily wages. Voluntary members could insure for the same benefits, or by paying half the rate could secure the medical treatment and medicines only. In case of death, a funeral benefit of from 20 to 40 francs ($4.00 to $8.00) was to be paid.

The state was to make a contribution equal to one rappe per day for each member compulsorily insured, including agricultural laborers and small tradesmen, and for every voluntary member of Swiss nationality. In localities where medical aid could be given only at a high cost, the state was to pay additional sums toward defraying such expenses. The remaining cost was to be covered by equal contributions from employers and employes, their total payments not to exceed 4 per cent of the wages. On

the other hand, the voluntarily insured day-laborers, and workers in home industries, were to pay the entire contribution themselves.

This bill, including provisions for accident insurance also, was adopted by the Assembly on October 5, 1899, but, on being submitted to the referendum, was rejected by a vote of 341,914 to 148,035 and the work of twenty-five years was apparently undone. To those who studied the subject carefully, however, it was clear that popular opinion was not opposed to compulsory insurance legislation as such, but rather to special features in this particular measure. It was opposed especially by existing sickness societies, which feared that they would be menaced by the organization of the public sickness insurance societies contemplated in the bill. They also objected to the stringent tests of solvency which were to be applied to private sickness insurance societies as a condition to their being allowed to continue. The obligatory character of the law was too comprehensive and included too many classes of the population, and was particularly opposed by those engaged in agriculture and forestry. Belief was expressed that the confederation might not be able to meet the financial obligations which it proposed to assume. Finally, the insufficiency of benefits, as compared with those obtainable under the liability law, already greatly liberalized, led many workingmen to vote "No."

On December 10, 1906, seven years after the defeat of this law by the referendum, another bill was presented by the Federal Council to the National Council, which referred it to a special commission. The report of this commission came up for discussion in the lower house September 28, 1908, and was finally adopted with amendments October 7, 1908. At the present time, the bill is before the National Council for final revision, and from latest advices is not likely to be presented to the people earlier than 1911 or to go into effect before 1912 or 1913.

Before presenting the details of this new measure, it will be well to notice the development of existing organizations and the nature of their activities. The long-continued discussion in the legislature has centered much attention on the sickness societies and at the present time we have a very complete knowl-

edge of their workings. They are both numerous and popular throughout Switzerland. In a population of 3,391,645, there were in 1903, 2006 societies, with a membership of 505,947, the number having increased about 85 per cent and the membership 141 per cent since 1880. The average number of members per society in 1903 was 247, and 15 per cent of the entire population was insured in them. Forty per cent admit women as well as men. The latter are, however, much better represented, constituting 79 per cent of the membership as compared with 21 per cent for women. Two per cent are boys. It is encouraging to observe that, under the influence of the French system, the number of insured children is constantly increasing. These societies, as in most other countries, grant benefits of several kinds. The following table will show their various activities.

TABLE 59.—NUMBER AND PER CENT OF SICKNESS INSURANCE SOCIETIES AND OF THEIR MEMBERSHIP, BY KIND OF BENEFIT, 1903.

Kind of Benefit	*Number of Societies*	*Per Cent of Total*	*Number of Members*	*Per Cent of Total*
Sickness	1812	90.3	422,209	85.4
Funeral	1345	67.0	345,793	69.9
Old age and invalidity	150	7.5	62,914	12.7
Widows and orphans	77	3.8	30,792	6.2
Unemployment	4	0.2	1,604	.03

It will be seen that nine-tenths of the societies insure against sickness, either alone or in combination with other benefits, and that over 85 per cent of the members (12 per cent of the population) are insured in them. Practically 70 per cent insure against death alone or against both death and sickness. Very few insure against old age or invalidity or pay widows' and orphans' annuities. The average membership per society is small and there has been but little government supervision.

Included in their number are the so-called "Frankenkassen," assessment life insurance societies which, upon the death of a member, pay a benefit to his family by assessing each

surviving member. Some of these also insure against sickness. There were in 1903, 275 such organizations with 82,926 members. In general, the mutual societies are small. More than 70 per cent have less than 200 and over 90 per cent less than 500 members each. The weakness occasioned by their small membership almost precludes the possibility of actuarial solvency, because not enough are insured to afford a reliable average experience. It is the purpose of the new legislation to combine these societies into larger institutions and thus both to increase their effectiveness and assure an average experience.

In some fields, as already mentioned, especially in the railroad and steamship industries, the government compels the establishment of such associations for employes. In general, the grouping of these and of all other societies, and of their membership, according to the method of admission, is shown by the following table.

TABLE 60.—NUMBER AND PER CENT OF COMPULSORY AND VOLUNTARY SICKNESS INSURANCE SOCIETIES AND OF THEIR MEMBERSHIP, 1903

	Societies	*Per Cent*	*Membership*	*Per Cent*
Obligatory for all	361	18.0	81,511	16.5
Obligatory for special workmen	176	8.8	39,734	8.0
Total obligatory	537	26.8	121,245	24.5
Voluntary	1469	73.2	373,393	75.5
Total in all Societies	2006	100.0	494,638	100.0

The ratio of those insured in voluntary and in compulsory societies is thus about three to one. Communal and cantonal societies have decreased since 1880, while those associated with particular industries have shown a corresponding increase. This is clearly shown by Table 61.

Societies have increased even more in financial resources than in membership. Their total assets amounted in 1903 to 89,451,991 francs ($17,890,398); an average of 181 francs ($36.20) for each member. Their total income and expenditures in that

year were 16,149,814 francs ($3,229,963), and 11,122,432 francs ($2,224,486), respectively.

TABLE 61.—NUMBER AND PER CENT OF SICKNESS INSURANCE SOCIETIES, BY CLASS, 1880–1903

Class of Societies	1880		1903		Increase	
	Societies	*Per Cent*	*Societies*	*Per Cent*	*Societies*	*Per Cent*
Industrial	197	18.2	540	26.9	343	174.1
Communal	621	57.2	930	46.4	309	49.8
County	165	15.2	343	17.1	178	107.9
Cantonal	70	6.5	110	5.5	40	57.1
Railroad or steamship company	22	2.0	53	2.6	31	140.9
All Switzerland	10	0.9	30	1.5	20	200.0
Total	1085	100.0	2006	100.0	921	84.9

The following table will show the sources from which this income was derived and the purposes for which expenditures were made.

TABLE 62.—INCOME AND EXPENDITURES OF SICKNESS INSURANCE SOCIETIES, 1903

	Amount (Francs)	*Per Cent*
INCOME:		
Dues and initiation fees	9,240,100	57.2
Gifts and subventions	3,394,989	21.0
Interest, fines and other income	3,514,725	21.8
Total	16,149,814	100.0
EXPENDITURES:		
Sickness benefits	3,960,168	35.6
Physicians, medicines and hospital service	1,640,222	14.8
Death benefits	948,100	8.5
Pensions to widows and orphans	1,276,213	11.5
Pensions to aged and to permanenfly disabled members	2,070,009	18.6
Management expenses	459,581	4.1
Other expenditures	768,139	6.9
Total	11,122,432	100.0

The total expenditure per member amounted to 22.40 francs ($4.48) as against 14.01 francs ($2.80) in 1880. Management expenses absorbed 5 per cent as against 4.1 per cent of total expenditure. In 1903, 125,039 out of a total membership of 422,209 received medical aid or sickness benefits (about 30 per cent). The total number of days for which benefits were paid, were 2,718,043, or less than 22 days per sick member and 6.4 days for each member of the societies. Forty-five per cent of societies granted only financial aid in the form of sick benefits; 47 per cent granted both medical aid and sick benefits; 4 per cent granted either medical aid or sick benefits; and 4 per cent granted medical aid only.

These distinctions are important. There is considerable difference in the sickness statistics for the two main groups referred to above. Though the number of members in the two groups is about the same, societies which give financial aid only had 23.8 per cent of their members receiving sickness benefits; while those that granted both money and medical treatment had 36.83 per cent. The main reason for this is that societies paying sick benefits only, have in most cases a "karens" or waiting period, and do not pay for the first days or even sometimes for the first week; while those that also supply medical aid usually pay from the first day of sickness. This is further illustrated by the fact that the number of days of disablement by sickness per member was, in the first group, considerably higher—29.08 days for each as compared with only 19.01 days in the second group. This is due to the large number of very short illnesses when the benefits include every day of sickness; omission of these brings down the average duration.

As in other countries, it was found that men showed a larger percentage of sickness—26.76 per cent as compared with 24.26 per cent for women. The number of days for each man disabled by sickness, however, was much lower than for women—23.55 as compared with 32.46. This last fact is undoubtedly due to the long period of confinement of women in childbirth, during which sickness benefits are paid. In making comparisons, it should be observed that societies differ as to the liberality of treatment. Some enforce a period of four weeks

or more for new members before they are "in benefit." Others, as already stated, grant them after the member has been sick only one or more days. Most limit the time for which benefits are paid. About 10 per cent make the limit 12 weeks; nearly 27 per cent pay only for 13 weeks; about 16 per cent for 26 weeks; 6 per cent for one year; and only about 3½ per cent pay benefits during the entire period of disablement, no matter how long.

The sickness societies of Switzerland have made great progress during recent years in number, membership, extension of their fields of operation and improvement of their financial conditions. Still much remains to be done. This form of insurance is imperfectly developed among women and children; there is yet great need of it in outlying districts; and technical management calls loudly for reform. These matters the law now before the people attempts to accomplish. The administration has long been in favor of a compulsory statute; but, as there has always been considerable opposition to such a proposal, the Federal Assembly, after much deliberation, decided that it was not wise to submit any form of compulsory sickness insurance. The bill finally passed by the lower house provides for both sickness and accident insurance and contains 100 articles, the first twenty of which deal with sickness insurance. These only concern us here.

Sickness insurance remains voluntary and is to be carried on through the agency of existing societies. The cantons and the individual communes, however, may install compulsory sickness insurance within their respective jurisdictions. All sickness insurance organizations are to be subsidized by the government and must comply with certain requirements before receiving recognition, registration and the right to the subsidy. No society may be refused recognition because of its political, trade, or religious affiliations; nor shall recognition be given to any whose statutes exclude Swiss citizens; nor to any admitting both sexes but not on equal terms. To obtain benefits under this bill, all must furnish medical treatment and medicine to their members or a sickness benefit of at least one franc (20 cents) a day in case of total disability. They are permitted to require

entrants to be members for three months before being entitled to benefits, and the amount of total cash benefits must not exceed the average wage of the member. Societies desiring recognition must present their rules and by-laws to the government supervisors for their approval; changes in the rules or by-laws must be approved by the government supervisors before taking effect; and the annual report must be presented each year within three months after the close of the fiscal year of the society.

Medical treatment must be given from the first day of illness, and the sickness benefit, not less than one franc per day, from the third day, to continue during disability for a period of not less than six months when necessary. Benefits must be paid a disabled member even if he loses his position during his illness. The member is entitled to a free choice among the physicians and druggists registered with his society and agreeing to its fixed scale of charges. The society may fix the charges of physician and druggist, and in case of improper conduct on the part of either may withdraw his registration.

Women members of at least nine months' standing are to receive benefits during confinement, precisely as in any other illness; and if on recovery, they are for any reason prohibited from working by law, benefits are to be continued during the period of such prohibition.

Provision is made for transfer of membership from one society to another in order to permit the greatest mobility of labor. A member who has been such for at least one year and not in arrears for a period longer than three months is entitled to the same benefit he would have enjoyed in his original society, if his transfer to another is required by removal, by change of occupation or by the insolvency of his society. This holds for the entire country, so that a workingman may go from one trade or occupation to another, or from one community to another, without in any way altering his right to sickness benefit.

To all such registered societies giving medical treatment and medicines, the government is to pay one rappe* for men, and one-fourth rappe for women and children under fourteen for each day of membership. The government contribution is

* 100 rappen equals one franc.

one and one-half rappen for societies which give medicines, medical treatment and pay sickness benefits of one franc (20 cents) a day. Where geographical conditions make the cost of medical treatment high the government may pay to the amount of two rappen; and where there are no societies and it is not possible to form one, the government will contribute to the canton or to the commune, if it will undertake to secure inexpensive medical care for the sick, the total contribution not to exceed three francs (60 cents) a year per capita of population.

Should these bills become law as is now confidently expected, it is estimated that fully 700,000 persons, or 21 per cent of the population, will be entitled to benefits. For these the government subsidies will be distributed in the following manner: for 260,000 persons one rappe per diem, for 170,000 one and one-fourth rappen and for 270,000 one and one-half rappen. These contributions are expected to aggregate 3,202,875 francs ($640,575) a year. This total does not include extra subventions to particular districts, the amount of which is still more or less a matter of conjecture. Expenses of supervision of registered societies, contributions to local authorities for expenses of supervising public sickness societies, and eventually, all unregistered societies as well, will also be considerable. The select committee of the national council estimates the total cost to the government of this plan for sickness insurance at 4,500,000 francs ($900,000) a year.

It is most encouraging that, even on a voluntary basis, it has been possible in the Swiss Republic to develop groups of sickness societies which have reached such usefulness and efficiency that they can become the chief factor in a general scheme of sickness insurance planned by the government.

It should be observed that the canton of Geneva, under a law of May 27, 1903, introduced an excellent subvention and supervisory system. Under this law, every sickness insurance society which complies with the requisite conditions, receives annually a subvention of 2½ francs (50 cents) for each member for a period of at least 10 years. In the years 1904 and 1907, the number of subsidized societies in Geneva increased from 21 to 47 and their membership from 4059 to 6176.

ITALY

In Italy, as in England and France, sickness insurance is carried on through the agency of mutual societies (Società di mutuo soccorso). They are the outgrowth of the older workingmen's organizations, and not only furnish sick benefits but old age, accident and funeral benefits. Originally, they received no recognition from the state, not even possessing the right to make contracts or to receive legacies. Under such conditions, progress was slow; and "honorary members" played an important part in their activities. As the working classes grew in power and influence, however, they took over more and more the active management of their organizations. As was the case in France and England, this lack of supervision resulted in evils of all sorts. In very few societies was there any actuarial basis for the payment of benefits. Promises were made which could not be fulfilled, and premiums were nearly always inadequate. Some societies, recognizing this, did not attempt to guarantee definite benefits but merely promised to pay according to the contributions actually realized. The need of legislation was therefore apparent, the societies themselves asking for it. A government investigation in 1882 showed clearly the prevalence of the above evils. After much discussion, a registration law was passed April, 1886. Registration, as in France and England, is entirely voluntary, but societies which register receive corporate powers and in some cases subsidies from the state, the latter usually taking the form of additions to sickness and funeral benefits. Societies are required annually to file a certified statement of assets and liabilities, and to register their by-laws.

On December 31, 1885, there were about 5,000 societies with 800,000 members; in 1905, the number had increased to 6,535 and membership to 1,000,000. In nearly all, members pay a single equal monthly premium for the benefits, without regard to age. Only a few have graded premiums; and the guaranty of sickness and other benefits is based not on what premiums will purchase, but on the ability of the membership to meet further assessments. No provision is made for actuarial solvency or adequate reserves.

Sick benefits are very meagre. Most of the societies also have a waiting period before benefits become payable, varying from three to ten days; and in most there is a "karens" period of from one to four years after admission, during which time new members are not entitled to benefits.

The following table shows the development of these societies from 1862 to 1904.

TABLE 63.—NUMBER OF MUTUAL AID SOCIETIES, MEMBERSHIP AND FUNDS, 1862–1904

Year	*Total Number of Societies*	*Societies Reporting*	*Number of Members*	*Societies Reporting*	*Amount of Funds (Lire)*
1862	443	443	111,608	371	2,715,749
1873	1,447	1,146	218,822	1,095	9,351,580
1878	2,091	1,981	331,548	1,949	21,141,662
1885	4,896	4,772	781,491	3,520	32,200,840
1894	6,722	6,587	994,183	..	..
1904	6,535	6,347	926,026	6,033	72,395,544

Though the aggregate funds are now at least $15,000,000, few of the societies, for the most part very small organizations, are solvent. On December 31, 1904, less than 20 per cent of them had over 200 members each. Over 50 per cent had less than 100 members each. Over 75 per cent had less than 10,000 lire ($2,000) apiece in the treasury and nearly 59 per cent less than 5000 lire ($1,000). The total income and expenditures during 1904, and the funds on hand at the end of the year, of all the societies combined, were 14,532,425 lire ($2,906,485); 11,790,028 lire ($2,358,006); and 72,395,544 lire ($14,479,109), respectively. These figures apply only to societies concerning whose financial affairs it was possible to obtain information. Had the remaining societies shown the same average conditions, the figures would have been 15,307,769 lire ($3,061,554), 12,435,091 lire ($2,487,018), and 78,536,665 lire ($15,707,333). These figures distributed over the 1,000,000 members in all the societies would make the annual payment per member in both registered and unregistered societies about 16 lire ($3.20) as against 14.02 lire in 1885, and the annual expenditure per member about 13 lire ($2.60) as

against 9.97 lire ($1.99) in 1885. The particular objects for which disbursements were made are shown in the following table.

TABLE 64.—PERCENTAGES OF DISBURSEMENTS IN SICKNESS INSURANCE SOCIETIES, 1904

In Benefits for	*Per Cent*	*For Other Purposes*	*Per Cent*
Sickness	22.46	Tuberculosis sanatoria	28.78
Chronic invalidity and incapacity	4.40	Other social activities	7.05
Old age	10.87	Sundry expenditures	2.68
Funeral expense	.75	Management expenses	13.14
Support of relatives	2.62	Extraordinary expenses	5.91
Other benefits	1.34	Total	57.56
Total	42.44		

Out of 463,088 members in 2906 societies, in 1885, 22.55 per cent received sickness benefits. The number of days of sickness, for which benefits were paid, was 20.14 for each sick member, and 4.54 days for each member. In 1903, on the other hand, the number of days of sickness for each sick member rose to 22, and the average for each member was 5.52 days, the number of members receiving sickness benefits having risen to 25 per cent of the total. The actual sickness periods, it should be stated, are much longer than indicated in the above figures, since the number of days' illness during the "waiting period" and those in which illness continued but benefits had ceased are not included.

From these figures, it is clear that the sickness societies of Italy are in every way behind those of France and England. Out of a total population of 33,000,000 in 1905, of whom 10,000,000 were wage-earners, only 1,000,000, or 10 per cent, were definitely assured a benefit in case of sickness. These members are, moreover, in the largest number of cases, small operators and factory proprietors. The great mass of the working population, particularly the lowest stratum, is not yet included. The reasons for this condition are not difficult to understand. As is well known, Italian workmen receive miserably poor wages. Legislation was undertaken very late and has been groping rather than guiding in character. Nor have the societies themselves had such experience in self-government as characterizes those of other countries. This, together with the low educational status of the people makes any highly developed plan of voluntary organization impossible.

It has, therefore, become clear to those most actively and influentially associated in the movement for workingmen's insurance in Italy, that sickness insurance should become obligatory, on a basis of contributions by both employers and workingmen. It is recognized that the welfare of the state requires that workingmen be insured, and that after due provision has been made for all risk that can be ascribed to occupation, there still remains a large amount of peril to the individual and his dependents against which there must be protection.

GERMANY

The earliest provision against sickness for German workingmen was, as in other countries, in the nature of poor relief. The great body of self-respecting workingmen did not, therefore, avail themselves of this provision. Only the bare necessaries of life were doled out and relief could be obtained only upon condition that there was nobody able and in duty bound to care for the distressed. No right to this support was acknowledged and to accept it involved loss of civil rights.

To understand the steps which more directly led to the passage of the obligatory sickness insurance law, one must turn to the workingmen's organizations which had flourished in Germany for many years. The operations of the guilds are particularly significant. They served their members not only as trade unions, but for relief in sickness, part of the contributions being turned over to hospitals to assure care at such a time. In case of death, a funeral was provided by the guild and certain sums were paid to dependents. These provisions, however, did not apply either to journeymen or apprentices, being restricted to master workmen only. Journeymen were later permitted to form associations of their own for purposes of relief in event of sickness or accident. Apprentices were cared for by the master workmen in case a provision to that effect was in the deed of indenture; otherwise they were supported by their own relatives or by private or public charity.

These guilds and associations of journeymen included nearly

every industry. They were the recognized agencies by means of which the state could legislate for the benefit of the working classes. Even when the laws of Prussia were codified, they were permitted to retain many of their early rights and privileges. With the enactment of more modern industrial statutes, however, they were not only largely placed under government control, but their further development was fostered by the industrial statutes of Prussia of January, 1845, February, 1849, and April, 1854.

The law of 1845 not only permitted workingmen to continue their mutual benefit societies but encouraged the establishment of additional sickness, burial and relief societies, as well as mutual savings banks. Thus arose the guild "sick-clubs" or "Innungskassen," which, it is interesting to observe, were among the first institutions to introduce the element of insurance. All mechanics not belonging to a guild could by local statute be formed into an "inferior guild." Higher classes of skilled workmen were not under obligation to belong to such societies; but the lower classes of the unskilled were often required by law to give satisfactory reasons to the authorities for failure to join.

The law of 1849 further authorized local authorities to arrange with employers to form establishment or affiliated industry funds. Employers were also encouraged to make contributions to such funds equal to at least half the amount contributed by employes and were required to collect the payments of their workmen, deducting them from their wages.

The principle of obligatory insurance was first recognized in the law of 1854. Power was then given local authorities, not only to require the formation of insurance societies, but to require certain classes of employers to contribute one-half the cost. In such cases, the latter were entitled to a voice in the management. For the first time, the statute extended insurance to factory employes who had heretofore enjoyed none of the rights and duties of master workmen or jōurneymen and had not been included in legislation concerning the guilds.

The best developed guilds or trade unions were those of the mining industry (the so-called Knappschaftskassen), which for our purposes are the most important, since in them compulsory insurance was earliest developed. The laws regulating these, moreover,

served the government as a basis and model for the more general measures which came later. These organizations of miners were of ancient origin. The oldest mining laws mentioned doctors' fees for sick workmen and fixed the amount of pensions to be paid to the disabled or to widows and orphans. Benefits were paid through the guild. Later the law of Prussia compelled mine owners to care for disabled miners employed by them, whether the disability was due to sickness or accident. The injured were also entitled to full wages for periods of four and, in some cases, eight weeks if disabled that long. Widows were entitled to pensions.

The miners' aid societies, like the guilds, were put on a firmer basis by the law of April, 1854. This statute also made it obligatory for all employes in mines, mills, salt-works, etc., to form such guilds. Clerks, inspectors and civil engineers could also join, at their option. Members were entitled, in case of disability whether resulting from sickness or accident, to the cost of medical attendance and medicines, to sick benefits during the first weeks as well as a smaller income in case of permanent disability, and, in event of death, funeral expenses were defrayed. Provision was also made for the support of the widow, and for the education of children of a miner who died. Mine owners, as well as miners, were obliged to make contributions to the common fund, that of workmen being limited to a certain small percentage of their wages. Mine owners were required to contribute at least half as much as their workmen; and were responsible for collecting the payments of their employes and for seeing that their membership was kept up.

In the meanwhile, a new type of workingman's club began to appear,—the friendly society imported from England. Its democratic features caused the working classes to establish similar voluntary associations, rather than submit to government control under the laws of 1849 and 1854. Accordingly, these societies soon became the chief reliance of the laboring classes, more and more displacing the antiquated guilds. A voluntary association of workingmen with a membership of 10,000 existed in Berlin as early as 1848, but it fell under the suspicion of the authorities and was proscribed and suppressed. Later,

under the leadership of Lassalle, the memorable "German Workingmen's Society" was founded. A well-developed system of insurance formed part of its program, as it did of all future organizations of this character.

An even stronger impetus was given to the development of such societies by the labor statute of June 21, 1869, which exempted workingmen from obligations imposed by the law of 1854, provided they had already become members of a benefit association of their own. The question soon arose whether this privilege was extended to voluntary or applied only to registered associations chartered by the government. This led to contradictory judicial decisions, but the matter was settled by the passage of the important law of April, 1876, which finally put voluntary benefit associations upon a firm legal footing. Each such organization, whether voluntary or obligatory, thereafter enjoyed a legal status and the privileges of registered associations. The older guild "sick-clubs" and the newer societies were placed on the same footing. The measure restricted the operations of the societies to paying sick benefits and funeral expenses, determined the duration of the former and fixed rates of contribution. It permitted both local and national societies to be formed; authorized the merger of several societies into one, and interposed no objection to a trade union supporting such associations. At the same time, certain precautions were taken to secure funds from misappropriation.

In other kingdoms, now embraced in Germany, similar compulsory insurance measures were passed. Brunswick, Saxony and Hanover went even further than Prussia and required that all workingmen should belong to some mutual aid association. In Bavaria, Baden and Würtemberg, a plan was evolved which enabled local authorities to administer directly the affairs of insurance societies for the indigent. By the laws of 1869, 1870 and 1877, local authorities were empowered to collect from all servants, artisans, factory hands, in fact from all workingmen who did not own their own homes or live with parents, a regular weekly assessment of three kreuzers, later 15 pfennige (3½ cents), the employer being held responsible for the payment of these amounts. Contributions were turned over to the poor-funds or into a special hospital

fund, workingmen thus acquiring a legal and enforceable claim for aid, up to 13 weeks, in case of disability. In this way, communal sick-clubs or "Gemeindekrankenkassen" were developed.

In consequence of these varied enactments and organizations, there prevailed toward the end of the seventies, a confused situation in the field of workingmen's insurance. Some organizations were compulsory, others voluntary; some national in their scope, others local; some connected with certain trades, others of mixed membership. Much the same diversity existed in the relief afforded; some gave sick benefits only, others death benefits only; still others, both. Some were distinctly annuity associations providing for invalidity and old age; others gave aid to widows and orphans, while several combined all these branches of insurance. All differed in the amount of benefits, duration of payments, and contributions required. Everywhere was uncertainty as to the obligation resting upon employers.

These attempts to institute obligatory insurance locally, or in certain trades, throughout the empire, produced meagre results, and it was clear that existing arrangements were entirely insufficient to meet the need of workingmen. Sickness and funeral benefit societies were widely distributed, but they depended entirely on the initiative either of workingmen or the communal authorities. These often acted without knowledge or the proper spirit; and in spite of the encouragement of the laws of 1849 and 1876, only a small percentage of the working population, the better paid and most intelligent, was reached. Statistics of 1880 show that in Prussia 839,602 members belonged to registered friendly societies, 220,000 to miners' societies, and about 200,000 to non-registered friendly societies. Only half of those for whom the voluntary insurance law was intended, availed themselves of its protection.

The necessity for a thoroughgoing change in the situation of workingmen's insurance was apparent. It was the subject of daily discussions in the press and periodicals, as well as in the universities. Some wished to extend the principle of the mining laws to all workingmen. Others suggested an obligatory sickness insurance law, with the voluntary aid societies as a foundation. Still others, with a special reference to accidents, insisted

on the development of a national obligatory insurance law. After one unsuccessful effort in this direction, the government, on May 8, 1882, presented two separate measures, one relating to accident, the other to sickness insurance. The two bills were inter-related and supplemented each other; but for political reasons, they were taken up separately. The sickness insurance law was the first to be passed (June 15, 1883) and went into effect December 1, 1884. It was obligatory in character and applied to all workingmen and managing employes of mines, quarries, factories, and other industrial concerns, whose annual wages were not in excess of 2000 marks ($500). Local authorities were empowered to establish obligatory insurance for groups of trades composed of small masters and mechanics working at home, as well as for agricultural laborers. As the first condition of compulsory insurance is dependence upon an employer, persons carrying on business of their own were generally exempted; but such, as well as servants and other exempt workingmen, could participate voluntarily in the benefits of the insurance societies. An additional measure of April 10, 1892, which became effective in 1893, extended the compulsion to all persons employed in stores and offices, provided their yearly earnings were not over 2000 marks.

In the operation of this law, the government, as far as possible, utilized existing agencies. No attempt was made to centralize the control, it being clearly recognized that in order to obtain the best results there must be no harsh breaking away from the ties already existing between workingmen and the associations which had served them so long. The aim of the law was mutual insurance, with self-administration; and the various associations, composed of members of the same trade or locality, naturally lent themselves to this purpose. The intimate relation between members of small associations, it was thought, would make simulation more difficult and inspection easier and more effectual. Consequently sickness insurance was entrusted to a large number of separate associations. Guild sick-clubs, miners' societies, communal societies, were all authorized as institutions in which it might be carried. Additional organizations, however, were needed to admit those not already provided

for. Eight distinct classes of societies, each absolutely independent of the others, were thus recognized, the sole common requirement being that they should make annual reports and conform to provisions of the law with reference to minimum benefits and methods of investing funds. The eight classes follow:

1. Communal societies (Gemeindekrankenkassen). These, strictly speaking, are not "societies" but local institutions, founded by the authorities and required to accept all, of whatever occupation, who are obliged to insure but do not belong to any other sickness insurance society.

2. Local societies (Ortskrankenkassen), established by townships, for the various trades respectively, two or more townships often uniting to form one society. At present they are the most popular of all because of their elastic management.

3. Factory societies (Betriebskrankenkassen), created by proprietors of factories where more than 50 workers are employed, particularly in trades where the risk of sickness or accident is high. Management is under the joint control of the workingmen and the employers.

4. Builders' societies (Baukrankenkassen). These must be established by contractors in building operations and in public works, because of the great risks incurred in these trades. In the nature of the case, they are temporary.

5. Guilds, sick-clubs, or trade societies (Innungskrankenkassen), authorized by the National Trades Regulation Law. Unlike the others, they do not possess legal personality, but are considered a mere function of the guilds or trade unions.

6. Miners societies (Knappschaftskassen), formed in accordance with the mining laws of the several kingdoms. Membership is limited to miners; and not only sick benefits, but old age and invalidity pensions and widows' and orphans' benefits are supplied.

7. Voluntary Mutual Aid societies (Hilfskassen). These are the friendly societies, supported and controlled solely by members, without any participation by employers. Membership is usually open to all, without regard to trade. They are not under the control of the authorities, other than that they must grant the minimum benefits required by law.

8. Independent State Societies (Landesrechtlichehilfskassen),

are voluntary associations, organized under the auspices of certain kingdoms or other districts of the empire.

Whatever the form, the law secures insured workingmen a certain minimum benefit in case of disability whether from accident or sickness for a period of at least 26 weeks (prior to January 1, 1904, 13 weeks), which includes: (1) Free medical attendance and medicines from the commencement of the illness, spectacles, trusses, bandages, crutches, and the like; (2) while disabled, a sick benefit after the third day, of one-half the daily wages, and in special cases, free admittance to a hospital, with half the sick benefit paid to the family for their support; (3) twenty times the average daily wage as a funeral benefit; (4) a benefit for women members for six weeks after confinement. These are the minimum benefits under the law. Societies may give additional benefits up to the full average daily earnings. They may also pay for 52 instead of 26 weeks; and to women after confinement for 12 instead of 6 weeks. The daily benefit may be raised from one-half to three-fourths the wage and the funeral benefit from 20 to 40 times the average daily wage. Sick allowance may also be paid for the first three days of disability, for Sundays and holidays, and benefits be extended to other members of the family and to convalescents.

Contributions to voluntary societies are not fixed, but those to the communal societies are limited by law to from 1 to 2 per cent of the daily wages of common laborers. In others, contributions must not exceed from 3 to 4 per cent of the average daily wages. Of this sum, workingmen pay two-thirds and employers one-third. In practice, employers pay all and deduct the proper amount from wages. This method avoids all necessity for collectors, contributions both of employers and employes being turned over to the societies at convenient intervals.

The employer must enforce upon his men the duty of insuring. No direct compulsion is placed upon the workingman, who may insure or not, as he pleases. Whoever employs an uninsured workingman, however, renders himself liable both to a fine and to the payment of all costs in case of sickness or accident. In such cases, the communal society of the district assumes the

care of the disabled employe, pays for medical service, medicine, nursing, and gives the usual cash benefits during disablement, for all of which the employer becomes liable to the society.

The law of 1883 was a gigantic legislative experiment. It has been urged by some that it was launched without sufficient scientific investigation. No exact calculation of the scope of its operation was at that time possible; and, as might be expected, difficulties of administration soon arose and many opportunities were opened for improvement. Several amendments have therefore been enacted from time to time. The first, that of April 10, 1892, went into effect January 1, 1893. This extended the provisions to employes in stores and offices and the payment of benefits during disability to a period of at least 13 weeks. It also improved the relation between mutual societies, communal and local sick-clubs, and established a better understanding between the various societies and the accident insurance associations of employers in regard to the old age and invalidity funds. Another amendment made on June 30, 1900, authorized the Bundesrath to extend compulsory insurance to workers in home industries. The most important amendment, however, is that of May 25, 1903 which from January 1, 1904, increased the period of sick benefit to 26 weeks and of that to women after confinement from four to six weeks at the option of the societies. Clerks and apprentices whose wages do not exceed 2000 marks, were also brought under the obligation to insure, and provision was made for the extension of free medical aid to families of the insured.

Despite these amendments, there is still much to be desired, even in this remarkably liberal measure. Agricultural workmen and servants are yet unprotected, and other matters require attention. To correct these defects, a new amendment, covering the entire field of workingmen's insurance, is now before the government.*

Whatever be the limitations of the system at the present time, even its severest critics are agreed that it is effectual. After continuous operation for 25 years, it now protects more than 13,000,000 working men and women. As many of the men are heads of families whose wives and children are, in most cases, also entitled

*See Chapter XVIII, The Reform Project in Germany, page 406.

to treatment and benefits, it is clear that more than half of the population of Germany is directly and beneficially affected.

The actual operations of the various agencies for sickness insurance are thus worth being shown in considerable detail. Table 65 shows the number of different types of sickness insurance societies during the period 1885 to 1907.

TABLE 65.—NUMBER OF SICKNESS INSURANCE SOCIETIES, BY CLASS, 1885–1907

Year	*Communal*	*Local*	*Factory*	*Building*	*Guild*	*Mutual Aid*	*Independent State*	*Total*
1885	7,125	3,700	5,500	101	224	1,818	474	18,942
1888	7,852	3,893	5,868	135	401	1,853	466	20,468
1892	8,253	4,243	6,316	123	471	1,739	443	21,588
1893	8,234	4,328	6,434	115	483	1,361	271	21,266
1898	8,512	4,585	7,139	84	606	1,422	259	22,607
1903	8,548	4,715	7,655	46	667	1,436	204	23,271
1904	8,513	4,709	7,695	45	681	1,380	170	23,193
1905	8,333	4,740	7,774	44	710	1,364	162	23,127
1906	8,366	4,741	7,823	46	744	1,339	155	23,214
1907	8,290	4,757	7,914	41	761	1,318	151	23,232

Miners' societies (Knappschaftskassen) are not included, as workingmen of this industry are protected by special compulsory legislation, antedating the law of 1883. The general annual reports of the department of labor do not include their statistics.

It will be observed that the communal societies are the most numerous; the factory societies follow and the local trades societies come next. The voluntary mutual aid societies are gradually decreasing in number. From the beginning, the government designed to destroy these, and replace them by the compulsory societies; but this proposal raised a storm of opposition against the bill and it was decided, as a matter of expediency, to permit the voluntary societies to exist, side by side with the compulsory. As they do not receive contributions from employers, the amount of their benefits is often either less than those given in compulsory societies or the cost is higher to members. These conditions coupled with their frequent mismanagement have driven many to the wall. Yet in certain quarters workmen prefer to insure with a voluntary society, because, it is said, they

can obtain employment more readily, since the employer is not compelled to pay any part of the cost.

Table 66 shows the number insured in the various classes of societies.

TABLE 66.—NUMBER INSURED IN SICKNESS INSURANCE SOCIETIES, 1885–1907

Year	*Communal*	*Local*	*Factory*	*Building*	*Guild*	*Mutual Aid*	*Independent State*	*Total*
1885	586,584	1,534,888	1,261,200	12,115	24,879	739,722	143,785	4,294,173
1888	882,244	2,200,937	1,459,737	26,964	50,447	752,918	143,214	5,516,461
1892	1,099,339	2,776,591	1,693,342	16,094	61,470	749,576	117,326	6,513,738
1893	1,155,450	3,020,654	1,761,791	18,290	77,980	659,220	61,350	6,754,735
1898	1,324,755	3,900,781	2,297,803	12,287	139,187	772,433	55,399	8,502,645
1903	1,417,620	4,807,473	2,568,363	13,487	214,565	835,227	40,748	9,897,483
1904	1,423,617	5,153,744	2,705,220	18,895	229,880	852,112	37,552	10,421,020
1905	1,434,697	5,470,141	2,876,589	20,403	245,340	856,280	36,819	10,940,269
1906	1,445,883	5,804,587	3,025,780	11,383	236,198	878,068	36,015	11,437,914
1907	1,475,489	5,915,114	3,146,386	15,222	240,087	893,330	36,168	11,721,796

To this total there should be added 758,706 miners insured in miners' societies, making 12,480,502 in 1907, insured against sickness, or 19 per cent of the population.

TABLE 67.—AVERAGE NUMBER OF MEMBERS PER SICKNESS INSURANCE SOCIETY, 1885–1907

Year	*Communal*	*Local*	*Factory*	*Building*	*Guild*	*Mutual Aid*	*Independent State*	*All Societies*
1885	83	415	230	146	111	404	303	228
1888	112	587	247	248	141	409	310	280
1892	151	710	278	288	162	469	303	331
1893	157	752	280	335	191	495	238	343
1898	172	892	324	244	264	541	225	396
1903	182	1,057	339	382	348	624	209	447
1904	185	1,137	354	554	370	624	222	471
1905	189	1,194	369	599	377	635	229	492
1906	191	1,257	387	553	360	666	234	513
1907	195	1,306	404	505	351	691	238	532

While the number of societies has increased only 23 per cent since 1885, the membership has increased 173 per cent in the same

period. Table 67 on the preceding page, shows the average number of members per society in each type during the same period.

Not only have communal, local, and factory societies increased in number, but they also show the largest increase in membership. Especially is this true of the local societies. Everywhere there is evidence of a strong tendency toward the disappearance of smaller societies through consolidation into large centralized organizations. This is the chief reform, hoped for not only by workingmen but by the administrators of the law. In Leipsic and Dresden, for example, where the sickness societies have merged into one local association, the best work is being done. The democratic character of the management is still preserved; but the administration is much more economical and effectual than in the societies displaced.

This is contrary to the view, still commonly held in Great Britain and the United States, that sickness insurance can be carried on successfully only in small groups where members know one another and can co-operate to prevent simulation. It is, however, maintained in Germany by employers, by managers of societies and by workmen generally, that simulation is less frequently successful and the cost lower in a large society. Because of their limited funds, the small societies cannot employ paid inspectors to hunt down simulation. On the other hand, a large communal or local society, covering an entire city or district, can employ competent men to attend to this important matter. These paid inspectors soon become the friends of the families whom they visit and aid greatly in reducing the number and seriousness of illnesses by disseminating valuable information with regard to prevention, care and methods of treatment. At present, most of the societies are still very small, fully three-fourths having less than 500 members and nearly 45 per cent less than 100. Table 68 shows these conditions at the close of 1907.

The societies are popular, not only with men, but with women. The number of the latter insured has increased more rapidly than the population. Thus, while in 1907 the number of men was two and one-half times as great as in 1885, that of women had quadrupled. This is especially evident in the local and

TABLE 68.—NUMBER OF SICKNESS INSURANCE SOCIETIES ACCORDING TO SIZE OF MEMBERSHIP, 1907

Number of Members	*Communal*	*Local*	*Factory*	*Building*	*Guild*	*Mutual Aid*	*Independent State*	*Total*
Less than 100	6,468	383	2,697	20	288	438	94	10,388
101 to 500	1,549	2,366	3,961	20	285	755	98	9,034
501 " 1,000	247	932	654	3	53	121	7	2,017
1,001 " 2,000	170	549	205	2	24	64	3	1,017
2,001 " 5,000	81	339	90	..	13	33	2	558
5,001 " 10,000	25	90	26	1	2	9	..	153
10,001 " 20,000	6	42	18	..	2	8	..	76
Over 20,000	2	14	4	..	..	8	..	28
Total . .	8,548	4,715	7,655	46	667	1,436	204	23,271

communal societies of large industrial cities, where workingwomen are very well organized and can, therefore, be readily reached by the authorities and required to obey the law. Table 69 shows the numerical relation existing between the two sexes in all the societies, taken together.

TABLE 69.—NUMBER OF MEN AND WOMEN IN SICKNESS INSURANCE SOCIETIES, 1885–1907

Year	*Men*	*Women*	*Number of Women per 100 Men*
1885	3,515,275	778,898	22
1888	4,415,445	983,033	22
1892	5,510,521	1,444,528	26
1893	5,557,379	1,549,425	27
1898	6,783,118	1,986,939	29
1903	7,677,617	2,546,680	33
1904	8,023,919	2,686,801	33
1905	8,349,779	2,834,697	34
1906	8,696,555	2,992,833	34
1907	8,972,210	3,166,756	35

The records of sickness and deaths, compiled by the German government, are of the greatest value. They constitute the most complete body of vital statistics of workingmen in

existence. Four things are of the highest importance: first, the number of cases of disability; second, their average duration; third, the number of days of sickness per member; and fourth, the death-rate. For our present purposes, it is sufficient to give the facts for certain typical years and for all societies, taken together. It must be remembered, however, that the figures given in the accompanying Table 70, include only such cases of sickness as involved the payment of sick benefit or of hospital service; usually sicknesses of less than three days' duration are wholly omitted.

TABLE 70.—PER CENT AND DURATION OF SICKNESS AND PER CENT OF DEATHS IN SICKNESS INSURANCE SOCIETIES, 1888–1907

		1888	1892	1903	1904	1905	1906	1907
(1) Cases of sickness per year per 100 insured	Men	33.5	36.8	38.3	40.9	41.4	39.4	42.7
	Women	28.8	31.1	33.0	35.4	35.0	33.4	35.6
	Both Sexes	32.6	35.6	37.0	39.5	39.8	37.8	40.8
(2) Average number of days of sickness per case	Men	16.6	17.0	18.1	18.7	18.7	18.5	18.5
	Women	17.7	18.3	21.9	23.2	23.5	24.1	23.4
	Both Sexes	16.8	17.3	19.0	19.7	19.8	19.8	19.6
(3) Days of sickness per annum per 100 insured	Men	555.6	626.6	695.3	762.1	775.9	728.6	788.7
	Women	508.3	569.7	720.4	822.9	921.9	804.7	833.1
	Both Sexes	547.0	614.7	701.5	777.4	787.5	748.1	800.3
(4) Deaths per 100 insured	Men	1.00	1.03	.86	.84	.86	.81	.84
	Women	.77	.74	.61	.65	.64	.60	.61
	Both Sexes	.96	.98	.80	.80	.81	.76	.78

Division (1) of the preceding table shows a steady progressive increase in the amount of sickness during the period under observation. This is not equally marked in the two sexes, women enjoying greater freedom from sickness than men, not only in the totals, but also in each type of society. In view of the fact that the amount of sickness increases with age, it has been suggested that the above condition may be due to the higher average age of the men; but a more important factor undoubtedly

is the greater risk of accident in the trades in which men are employed. The number of cases of sickness among the two sexes differs considerably with the type of society. This is clear from the following figures, the average for 20 years from 1888–1907.

TABLE 71.—AVERAGE NUMBER OF CASES OF SICKNESS FOR BOTH SEXES PER 100 INSURED IN SICKNESS INSURANCE SOCIETIES, 1888–1907

Sex	*Communal*	*Local*	*Factory*	*Building*	*Guild*	*Mutual Aid*	*Independent State*	*Total*
Men	27.3	37.5	44.7	58.3	34.4	37.3	31.2	38.0
Women	22.2	33.6	37.4	47.3	26.6	33.7	28.8	32.1

The average duration of sickness—see Division (2) of Table 70—has also increased, women showing longer periods. This is so marked that, in spite of the fewer cases of sickness, their coefficient of morbidity, namely, duration of sickness per member each year, is greater than that for men,—see Division (3). Similar conditions have been found to prevail in other countries; and may be explained by the greater recuperative power of men together with their greater need to return to work.

These conditions suggest serious difficulties in connection with the efficiency of compulsory insurance. Opponents of the law have argued that this form of relief inevitably leads to an increase in the amount of simulation, and contend that the self-respect of the insured is constantly endangered by opportunities offered for deception. The authorities, on the other hand, have maintained that this increase is to be explained on entirely different grounds. (1) The amendment of 1903 extended the period of benefit from 13 to 26 weeks. (2) Benefits are now granted in cases of venereal disease, which are often of long duration. (3) At the present time, sicknesses are more closely reported than heretofore, working people better understanding their rights. The authorities have also pointed out that malingering and simulation would, for the ordinary workingman, be unprofitable. He receives no benefit until after three days and then only half the current rate of wages. On this he and his

family cannot live. The authorities insist, therefore, that increase of sickness is genuine and is due in Germany to the stress and strain of modern industry. Hours of labor vary from 8 to 15 per day. The large stores, for instance, open at 8 A. M. and close at 8 P. M., allowing one hour for luncheon. It has been ascertained that in those factories where the hours are longest, the greatest number of cases of accident and sickness occur. Many workmen continue to work even when really incapacitated, and only when the slack season comes do they take advantage of the opportunity to consult a physician. This, it is asserted, accounts for the increase of sickness during such periods which others ascribe to simulation and malingering.

The more radical program favored by Social Democrats would compel workingmen to submit to medical examination once or twice a year, and should the physician order a rest, would compensate for it by sickness insurance. This would, of course, tend to prevent much disability and promote greater efficiency. While such a policy would perhaps increase the number of compensated cases of sickness, it would also, it is claimed, reduce the aggregate cost by leading to greater efforts to prevent industrial diseases.

Turning finally to Division (4) of Table 70, we observe that the death-rate in these sickness societies has decreased considerably in the period under discussion. This is in agreement with the general conditions existing in the population at large. But in this particular instance, the reduction may be ascribed to some extent to the positive effort on the part of the societies to lessen the death-rate, as well as the amount of morbidity, by circulating information on social hygiene among their members. In the larger cities, especially, this plan is widely developed.

Attention will now be turned to the specific benefits given by the various societies in case of sickness. As has been stated these consist of medical treatment, medicines, hospital service when necessary, care of convalescents, sick benefits and, in case of death, a funeral benefit. We will now take up each one of these items in succession. Table 72 gives the total cost per annum as well as the average cost per member of medical treatment and medicines in the various classes of societies.

TABLE 72.—TOTAL AND AVERAGE COST OF MEDICAL TREATMENT AND MEDICINES, SICKNESS INSURANCE SOCIETIES, 1885–1907

Year	Medical Treatment (Marks)	Per Member (Marks)	Medicines (Marks)	Per Member (Marks)	Total Per Member (Marks)
1885	9,060,945	2.15	7,072,016	1.69	3.84
1888	12,523,435	2.32	9,946,684	1.84	4.16
1892	19,068,892	2.74	16,039,356	2.31	5.05
1893	21,423,856	3.01	17,693,412	2.49	5.50
1898	29,107,863	3.32	22,011,200	2.51	5.83
1903	40,765,699	3.99	28,905,813	2.83	6.82
1904	47,914,471	4.47	32,139,348	3.00	7.47
1905	53,113,137	4.75	34,634,237	3.10	7.85
1906	57,293,080	4.90	36,021,712	3.08	7.98
1907	63,325,782	5.22	40,157,749	3.31	8.53

TABLE 73.—TOTAL COST OF HOSPITAL SERVICE, SICKNESS INSURANCE SOCIETIES, 1902–1907

Year	Communal (Marks)	Local (Marks)	Factory (Marks)	Building (Marks)	Guild (Marks)	Mutual Aid (Marks)	Independent State (Marks)	Total (Marks)
1902	3,106,691	11,086,980	5,107,402	87,503	759,291	1,160,141	34,977	21,342,985
1903	3,284,735	12,504,569	5,579,440	114,596	882,449	1,257,865	35,177	23,658,831
1904	3,751,511	14,938,812	6,497,120	133,379	1,041,623	1,295,009	36,931	27,694,385
1905	3,957,282	16,550,155	7,287,556	156,311	1,163,659	1,421,323	49,118	30,585,404
1906	3,911,256	17,792,438	8,115,967	127,412	1,178,254	1,496,036	48,711	32,670,074
1907	4,247,014	19,631,249	9,341,766	109,920	1,244,606	1,542,421	50,659	36,167,635

TABLE 74.—AVERAGE COST OF HOSPITAL SERVICE PER MEMBER, SICKNESS INSURANCE SOCIETIES, 1885–1907

Year	Communal (Marks)	Local (Marks)	Factory (Marks)	Building (Marks)	Guild (Marks)	Mutual Aid (Marks)	Independent State (Marks)	Total (Marks)
1885	1.90	1.11	0.81	6.70	1.76	0.60	0.43	1.04
1888	1.44	1.47	0.98	4.37	1.95	0.75	0.55	1.23
1892	1.55	1.74	1.27	5.11	2.59	0.92	0.51	1.50
1893	1.67	1.84	1.34	5.68	2.58	1.07	0.82	1.63
1898	1.85	1.97	1.64	4.94	2.77	1.16	1.03	1.81
1903	2.19	2.51	2.17	6.96	3.82	1.42	0.85	2.31
1904	2.48	2.80	2.41	5.87	4.18	1.52	0.99	2.59
1905	2.59	2.94	2.57	6.21	4.41	1.66	1.33	2.73
1906	2.54	2.99	2.71	5.61	4.46	1.69	1.34	2.79
1907	2.71	3.17	2.96	5.58	4.70	1.71	1.41	2.98

these four classes of societies, the minimum death benefit is fixed by law at twenty times the daily wages, but under certain conditions a somewhat larger sum may be paid. A partial benefit may also be paid at the death of either the wife or children of the insured. The figures given below including these partial benefits do not, therefore, represent the exact amounts paid at the death of members, but are somewhat higher.

TABLE 78.—AVERAGE AMOUNT OF DEATH BENEFITS, SICKNESS INSURANCE SOCIETIES, 1892–1907

Societies	1892 (*Marks*)	1893 (*Marks*)	1900 (*Marks*)	1903 (*Marks*)	1904 (*Marks*)	1905 (*Marks*)	1906 (*Marks*)	1907 (*Marks*)
Local	47.79	50.14	57.17	60.55	65.76	66.84	69.09	71.05
Factory	83.88	96.06	107.74	112.77	117.48	115.05	120.18	123.03
Building	31.24	51.02	64.76	52.60	53.71	58.99	58.13	64.05
Guild	50.86	56.32	61.84	65.94	67.98	71.18	73.71	74.03
All	61.42	66.60	74.72	77.55	82.13	82.06	85.15	87.13

The amount of sick benefits for women after confinement is shown in the following table.

TABLE 79.—MEMBERSHIP AND AMOUNT OF SICK BENEFITS, INCLUDING THOSE FOR WOMEN BEFORE AND AFTER CONFINEMENT, SICKNESS INSURANCE SOCIETIES, 1903–1907

Societies	*Year*	Average Number of Insured		*Benefits for Women confined, and, since 1904, before confinement* (*Marks*)	Average Benefits per Insured	
		Women	*Both Sexes*		*Women* (*Marks*)	*All Members* (*Marks*)
Local	1903	1,377,243	4,975,322	1,687,051	1.22	0.34
	1905	1,603,220	5,637,390	2,936,499	1.83	0.52
	1907	1,872,634	6,194,108	3,681,079	1.97	0.59
Factory	1903	538,168	2,573,621	1,120,915	2.08	0.44
	1905	579,172	2,835,723	1,562,126	2.70	0.55
	1907	627,151	3,156,221	1,751,620	2.79	0.55

TABLE 79 (continued).

Societies	Year	Average Number Insured		Benefits for Women confined, and, since 1904, before confinement	Average Benefits per Insured	
		Women	Both Sexes	(Marks)	Women (Marks)	All Members (Marks)
Building	1903	302	16,459	246	0.81	0.01
	1905	468	25,177	742	1.59	0.03
	1907	561	19,697	488	0.87	0.02
Guild	1903	37,183	230,802	26,608	0.72	0.12
	1905	47,456	263,787	56,297	1.19	0.21
	1907	37,343	264,604	35,281	0.94	0.13
Mutual Aid	1903	81,065	887,130	15,777	0.19	0.02
	1905	78,809	858,428	22,434	0.28	0.03
	1907	81,522	903,560	24,143	0.30	0.03
Independent State	1903	7,540	41,597	731	0.10	0.02
	1905	6,281	36,978	780	0.12	0.02
	1907	5,892	36,020	640	0.11	0.02

Table 80 shows the aggregate sums annually disbursed for disability and death benefits by the different classes of societies.

TABLE 80.—TOTAL DISABILITY AND DEATH BENEFITS, SICKNESS INSURANCE SOCIETIES, 1902–1907

Year	Communal (Marks)	Local (Marks)	Factory (Marks)	Building (Marks)	Guild (Marks)	Mutual Aid (Marks)	Independent State (Marks)	Total (Marks)
1902	13,746,210	77,990,052	55,414,705	384,742	3,498,773	16,090,598	676,296	167,801,376
1903	14,448,586	85,915,680	59,166,971	489,787	3,906,725	16,249,304	664,624	180,841,677
1904	16,652,926	106,317,716	68,836,011	662,065	4,841,565	15,981,353	639,826	213,931,462
1905	17,544,831	115,614,536	75,402,362	805,027	5,372,953	16,848,185	655,992	232,243,886
1906	17,379,304	122,388,950	78,673,748	564,277	5,325,936	16,844,273	617,116	241,793,604
1907	19,080,015	139,248,066	89,976,134	547,832	5,720,709	18,667,642	647,108	273,887,506

Of greater value, however, are the figures in Table 81, showing the combined disbursements in benefits per member insured. It will be seen that of all these societies in 1907, factory organizations paid the most, namely, 28.51 marks ($5.70) per member; and communal societies, the least, 12.19 marks ($2.44).

The marked diversity of cost in the various societies shows not only in the different amounts of benefit per member, but even more in the relation of the individual items of benefit to one another. Communal societies, for example, pay no confinement or death benefits, but give a relatively larger sum for medical care and medicines.

TABLE 81.—TOTAL BENEFITS PER MEMBER, SICKNESS INSURANCE SOCIETIES, 1885–1907

Year	*Communal* (*Marks*)	*Local* (*Marks*)	*Factory* (*Marks*)	*Building* (*Marks*)	*Guild* (*Marks*)	*Mutual Aid* (*Marks*)	*Independent State* (*Marks*)	*All Societies* (*Marks*)
1885	6.80	9.60	13.87	23.44	8.49	12.30	11.76	11.04
1888	6.83	10.49	14.66	16.51	8.49	12.44	12.28	11.40
1892	7.74	12.69	17.63	19.29	11.12	16.20	15.53	13.55
1893	8.27	13.56	19.20	21.80	11.65	16.38	15.55	14.35
1898	8.00	13.89	19.47	22.27	12.56	16.27	15.04	14.60
1903	9.64	17.27	22.99	29.76	16.93	18.32	15.98	17.69
1904	10.99	19.92	25.55	29.15	19.44	18.72	17.12	19.97
1905	11.49	20.51	26.59	31.97	20.37	19.63	17.74	20.76
1906	11.28	20.57	26.30	24.85	20.16	19.05	16.95	20.68
1907	12.19	22.48	28.51	27.81	21.62	20.66	17.97	22.56

The following table, for 1907, shows how every 100 marks of benefits are distributed in the seven forms of benefit.

TABLE 82.—PERCENTAGE OF VARIOUS KINDS OF BENEFITS PAID, SICKNESS INSURANCE SOCIETIES, 1907

Societies	*Physicians*	*Medicines*	*Sick Benefit*	*Lying-in Benefit*	*Death Benefit*	*Hospital Cost*	*Care of Convalescents*	*Total*
Communal	30.48	16.07	31.18	0.00	0.00	22.26	0.01	100
Local	21.69	14.63	44.30	2.64	2.53	14.10	0.11	100
Factory	24.29	15.19	45.01	1.95	3.13	10.38	0.05	100
Building	25.56	9.44	43.38	0.09	1.46	20.07	0.00	100
Guild	21.22	12.31	41.70	0.62	2.34	21.76	0.05	100
Mutual Aid	21.17	11.71	55.52	0.13	3.19	8.26	0.02	100
Independent State	21.25	16.53	46.90	0.10	7.37	7.83	0.02	100
All societies	23.11	14.66	44.33	2.01	2.60	13.21	0.08	100

It will be remembered that, with the exception of mutual aid societies, contributions of workmen and employers are two-thirds and one-third, respectively, of the total cost. The statute in each case limits the amount of total contributions to a certain percentage of the wages. In communal sick funds, for example, the minimum contribution is 1.5 per cent of the wages, which upon the approval of the imperial authorities, may be increased to as high as 3 per cent. Other societies may collect contributions up to as high as 6 per cent of the wages, if necessary. These figures include the contributions of both employers and employes.

Table 83 shows the average conditions as to contributions existing in the societies taken together.

TABLE 83.—PERCENTAGE OF SICKNESS INSURANCE SOCIETIES COLLECTING GIVEN PERCENTAGES OF WAGES, 1885–1907

Year	PER CENT OF WAGES COLLECTED				
	Less than 1½	½ *to* 2	2 *to* 3	3 *to* 4	4 *to* 6
1885	53.7	20.2	25.3	0.8	..
1888	49.9	19.8	28.5	1.8	..
1892	45.8	22.2	29.7	2.3	..
1893	43.4	22.3	31.3	3.0	..
1898	37.3	25.0	33.4	4.3	..
1903	33.2	25.3	35.2	6.3	..
1904	28.5	20.5	40.1	10.6	0.3
1905	26.5	19.4	41.0	12.7	0.4
1906	25.6	18.5	41.4	13.9	0.6
1907	24.2	18.1	41.7	15.2	0.8

In 1907, the ratio of the contributions to wages in the greater number of the societies was between 2 and 3 per cent, although in 1885 it was only 1½ per cent. Two-thirds of the cost of the increased benefits, pointed out in the preceding tables, falls upon members themselves and only one-third upon employers.

Tables 84 and 85 show the aggregate and individual contributions of members in the various classes of societies. These figures also include the additional sums paid for the protection of members' families in cases of sickness and death.

TABLE 84.—TOTAL CONTRIBUTIONS OF MEMBERS, SICKNESS INSURANCE SOCIETIES, 1902–1907

Year	Communal (Marks)	Local (Marks)	Factory (Marks)	Building (Marks)	Guild (Marks)	Mutual Aid (Marks)	Independent State (Marks)	Total (Marks)
1902	13,414,022	88,446,668	55,909,664	370,897	3,985,557	17,972,544	683,026	180,782,378
1903	13,610,855	97,428,351	59,149,025	426,389	4,441,007	17,845,654	640,659	193,541,940
1904	16,273,654	120,625,660	68,748,487	742,622	5,622,775	18,051,448	620,483	230,685,129
1905	17,021,476	131,903,936	74,890,488	765,197	6,276,832	18,865,325	628,614	250,351,868
1906	17,857,976	146,587,681	84,652,449	618,900	6,530,983	19,791,489	625,134	276,664,612
1907	19,177,644	158,858,874	93,632,795	618,740	6,757,834	20,689,282	644,017	300,379,186

TABLE 85.—AVERAGE ANNUAL CONTRIBUTIONS PER MEMBER, SICKNESS INSURANCE SOCIETIES, 1888–1907

Year	Communal (Marks)	Local (Marks)	Factory (Marks)	Building (Marks)	Guild (Marks)	Mutual Aid (Marks)	Independent State (Marks)	All Societies (Marks)
1888	7.05	13.65	17.01	20.02	11.80	15.37	14.16	13.86
1892	7.04	14.27	17.89	19.80	12.90	16.85	15.20	14.27
1893	7.57	15.22	18.36	21.24	13.68	18.12	15.80	14.96
1898	8.01	16.97	20.33	23.70	16.83	18.75	16.04	16.56
1903	9.08	19.58	22.98	25.91	19.24	20.12	15.40	18.93
1904	10.74	22.60	25.52	32.70	22.58	21.14	16.60	21.54
1905	11.15	23.40	26.41	30.39	23.80	21.98	17.00	22.38
1906	11.59	24.64	28.30	27.26	24.73	22.39	17.17	23.67
1907	12.26	25.65	29.67	31.41	25.54	22.90	17.88	24.75
Per cent of increase in 1907 over 1888	73.9	87.9	74.4	56.9	116.4	49.0	26.3	78.6

We will now compare the contributions of members with the benefits paid by the societies. The following table shows this for the years 1906–1907.

TABLE 86.—BENEFITS AND CONTRIBUTIONS, SICKNESS INSURANCE SOCIETIES, 1906 AND 1907.

	1906 (*Marks*)	1907 (*Marks*)
Benefits of all kinds .	241,793,604	273,887,506
Contributions of employers	84,630,276	92,174,982
Contributions of workmen, entrance fees and additional premiums for protection of families .	192,034,336	208,204,204
Excess of benefits over contributions of workmen	49,759,268	65,683,302

In 1907 the average payment per person was 17.15 marks ($4.29); the average total benefits per member were 22.56 marks ($5.64), a net average excess of benefits per member of 5.41 marks ($1.35). Table 87 shows this excess for each class of society.

TABLE 87.—AVERAGE BENEFITS AND CONTRIBUTIONS PER MEMBER, SICKNESS INSURANCE SOCIETIES, 1907

Societies	*Benefits* (*Marks*)	*Average Contributions of Workmen* (*Marks*)	*Excess of Benefits over Contributions* (*Marks*)
Factory . . .	28.51	19.84	8.67
Building . .	27.81	20.95	6.86
Local . . .	22.48	17.20	5.28
Guild . . .	21.62	17.11	4.51
Communal . .	12.19	8.17	4.02
Independent State	17.97	17.88	0.09
Mutual Aid . .	20.66	22.90	2.24*

* Deficit.

Employers, it must be remembered, make no contributions to mutual aid societies. The above statistics supply the very best evidence of the value of this form of insurance to workingmen. Cost of management is naturally an important item in the finances of the clubs. In communal societies this is paid entirely by the communes themselves; in factory and building societies it falls on the employers; in mutual aid societies, on the other hand, mem-

bers pay all; and in other instances expenses are paid out of the funds of the society, composed, as we have seen, of the contributions of both employers and employes.

The following tables, 88 and 89, give the total cost of management and the average cost of management per member, respectively, in the various societies. Communal societies are not included in these tables as their expense of administration, as has been said, is borne by the commune.

TABLE 88.—TOTAL COST OF MANAGEMENT, SICKNESS INSURANCE SOCIETIES, 1902–1907

Year	*Local* (*Marks*)	*Factory* (*Marks*)	*Building* (*M'ks*)	*Guild* (*M'ks*)	*Mutual Aid* (*Marks*)	*Independent State* (*Marks*)	*Total* (*Marks*)
1902	8,161,788	383,957	4,640	457,172	1,865,218	57,947	10,930,722
1903	8,912,181	462,552	5,985	487,263	1,900,536	57,814	11,826,331
1904	10,451,999	621,094	5,464	550,280	1,911,528	56,115	13,596,480
1905	11,000,519	526,735	4,929	599,666	1,979,537	55,940	14,167,326
1906	11,955,987	594,985	5,172	632,947	2,081,126	57,733	15,327,950
1907	13,101,063	665,166	4,382	683,007	2,182,547	56,735	16,692,900
Percentage of total disbursements, 1907	8.3	0.7	0.8	10.4	10.4	7.7	4.7

TABLE 89.—AVERAGE COST OF MANAGEMENT PER MEMBER OF SICKNESS INSURANCE SOCIETIES, 1902–1907

Year	*Local* (*Marks*)	*Factory* (*Marks*)	*Building* (*Marks*)	*Guild* (*Marks*)	*Mutual Aid* (*Marks*)	*Independent State* (*Marks*)	*All Societies* (*Marks*)
1902	1.74	0.15	0.30	2.10	2.07	1.30	1.11
1903	1.79	0.18	0.36	2.11	2.14	1.39	1.16
1904	1.96	0.23	0.24	2.21	2.24	1.50	1.27
1905	1.95	0.19	0.20	2.27	2.31	1.51	1.27
1906	2.01	0.20	0.23	2.40	2.35	1 59	1.31
1907	2.12	0.21	0.22	2.58	2.42	1.58	1.38

With the exception of the mutual aid societies, employers are always represented on the managing board to the extent of one-third the members, workingmen electing two-thirds. This does not give employers much power and, in

TABLE 90.—INCOME AND DISBURSEMENTS OF ALL SICKNESS INSURANCE SOCIETIES, 1906–1907

Income	1906		1907	
	(*Marks*)	*Per Cent*	(*Marks*)	*Per Cent*
Cash on hand on January 1	15,170,978	4.5	18,885,357	5.0
Interest on capital	7,099,182	2.1	8,036,905	2.1
Entrance fees	1,952,184	0.6	1,984,294	0.5
Contributions of employers and employes	273,875,783	80.5	297,414,398	78.7
Contributions for members' families	836,645	0.2	980,494	0.3
Advance payments according to law	619,023	0.2	585,204	0.2
Additional payments according to law	12	0.0	1,056	0.0
Compensation for certain sick aid	2,293,754	0.7	2,584,252	0.7
Compensation from accident associations	2,919,252	0.8	3,298,924	0.9
From stocks and bonds sold	25,908,829	7.6	31,815,458	8.4
Loans	3,639,858	1.1	5,086,080	1.3
Other income	4,228,348	1.2	5,291,864	1.4
Total	338,643,844	100.0	375,964,286	100.0
Disbursements				
Medical care	57,293,080	17.8	63,325,782	17.7
Medicines, etc.	36,021,712	11.2	40,157,749	11.2
Sick benefits				
to members	100,876,293	31.4	117,825,001	32.9
to relatives of members	3,174,540	1.0	3,591,114	1.0
Aid to women before and during confinement	5,061,736	1.6	5,493,301	1.5
Death benefits	6,521,058	2.0	7,122,348	2.0
Cost of care in hospitals	32,670,074	10.2	36,167,635	10.1
Care of convalescents	175,111	0.0	204,576	0.1
Compensation to certain classes of sick	3,311,670	1.0	3,592,233	1.0
Sums paid back to members	255,537	0.1	322,901	0.1
Contributions and entrance fees paid back	412,493	0.1	428,809	0.1
Purchase of stocks and bonds	50,815,561	15.8	51,952,368	14.5
Loans paid	4,611,661	1.4	5,023,939	1.4
Management expenses	15,327,950	4.8	16,692,900	4.7
Other expenditures	3,390,318	1.1	4,493,308	1.2
Total	319,918,794	100.0	356,393,964	100.0

practice, the management has been almost exclusively in the hands of workingmen. Adjustment of disputed claims is made by a committee, composed of one representative of workingmen, one of employers and an impartial referee. Unlike the case among accident claimants, it is rare that appeals are taken by members.

We may now review the financial activities of the societies and compare their total income and disbursements under their respective items. Table 90 on the preceding page gives the figures for 1906 and 1907. In 1907, the total income and disbursements were distributed among the societies as is shown in Table 91.

TABLE 91.—TOTAL INCOME AND DISBURSEMENTS OF SICKNESS INSURANCE SOCIETIES ACCORDING TO CLASS, 1907

Societies	*Income (Marks)*	*Per Cent of Total*	*Disbursements (Marks)*	*Per Cent of Total*
Communal .	24,330,488	6.47	21,929,069	6.15
Local . .	199,560,825	53.08	189,363,643	53.13
Factory . .	116,267,212	30 93	110,943,008	31.13
Building . .	745,053	0.20	689,126	0.20
Guild . .	8,360,011	2.22	7,958,039	2.23
Mutual Aid .	25,840,089	6.87	24,697,903	6.93
Independent State	860,608	0.23	813,176	0.23
Total . .	375,964,286	100.00	356,393,964	100.00

It must not be supposed that the individual societies always show the same favorable financial conditions. In 1907, 8,383 out of 23,232 or 36.1 per cent, disclosed disbursements in excess of income. In such cases, the accumulation of a reserve from the year's receipts was, of course, out of the question. The law requires the societies to establish a reserve, consisting of one-tenth of the annual contributions, until a certain sum shall be reached. This is a fairly reasonable index of the solvency of the organizations. For 1907, 46.3 per cent were solvent on this basis. Table 92 shows conditions in this regard in the different classes of societies.

It is evident from the foregoing, that sickness insurance societies are not, as a class, strictly solvent when tested by the reserves necessary to solvency in voluntary insurance institu-

TABLE 92.—NUMBER AND PER CENT OF SOLVENT AND INSOLVENT SICKNESS INSURANCE SOCIETIES, 1907

Societies	SOLVENT		INSOLVENT	
	Number of Societies	*Per Cent*	*Number of Societies*	*Per Cent*
Communal	4,240	51.1	4,050	48.9
Local	1,973	41.5	2,784	58.5
Factory	3,595	45.4	4,319	54.6
Building	21	51.2	20	48.8
Guild	370	48.6	391	51.4
Mutual Aid	501	38.0	817	62.0
Independent State	49	32.5	102	67.5
Total	10,749		12,483	

tions. They do not hold sufficient reserves to cover the capitalized value of their benefits and to provide against the probability of sickness, which increases as members become older. The obligation to insure, however, renders it highly probable that the amount required to pay claims will be secured and that an equilibrium of cost will be reached at an earlier period than in the case of the employers' mutual accident insurance companies.

The aggregate reserves of the societies have reached a very high figure as Table 93 will show.

TABLE 93.—TOTAL AND AVERAGE RESERVE PER MEMBER, SICKNESS INSURANCE SOCIETIES, DECEMBER 31, 1907

Societies	*Total Reserve (Marks)*	*Average Per Member (Marks)*
Communal	5,414,800	3.46
Local	100,265,200	16.19
Factory	92,818,600	29.41
Building	227,300	11.54
Guild	4,005,400	15.14
Mutual Aid	16,770,100	18.56
Independent State	837,600	23.25

These reserve funds can be used only for the payment of benefits. This has aroused considerable objection, especially from members of the Social Democratic party, who urge that the societies should be permitted to use a part of their reserve

for the purpose of educating their members on the subjects of health and hygiene through lectures and pamphlets. Their attention might in this way be directed to the importance of proper housing conditions and proper food, as well as to the dangers of certain occupational diseases and the methods of prevention.

As has been stated, a vast number of private sickness insurance societies were already in existence at the time the compulsory law was enacted. In most cases these were very small, and granted but limited benefits; very often they were insolvent. The recognition granted by the law gave to many a new lease of life; but it soon became evident that only by consolidating several into one large central society could unnecessary duplication of management expenses be avoided, rates of benefits be increased, and the full purpose of the law be realized.

Such has been the history of the development of the largest sickness insurance society in Germany, the Local Society of Leipsic. This institution was organized as early as 1887, absorbing and displacing about 20 smaller societies. From the beginning, its jurisdiction was not confined to the limits of the city itself, and today its operation extends to the 42 suburbs, situated within a radius of six kilometers. The society, therefore, is the central institution for the whole contiguous district. Its membership at the close of 1908 was 161,051, of whom 109,662 were men and 51,389 women. Although the latter comprise as yet only one-third of the members, their relative proportion is increasing rapidly. Of the total number 15,000 are voluntary members. Nearly every industry or trade is represented. The management in spite of the large membership is democratic. As in most local societies, directors to whom the management of affairs is intrusted are elected at a general meeting held once a year. The general meeting consists of 450 representatives, who hold office for three years, two-thirds being chosen by members and one-third by employers. The board of directors consists of 18 members, divided in the same proportion, 6 employers and 12 workingmen. They also hold office for three years; but at the end of each year, one-third retire by seniority, two being employers and four workingmen.

The prosperity of this society is clearly the result of the liberal policy and superior business skill of its management. Not only are the various provisions of the sickness insurance law faithfully carried out, but, wherever the law permits, benefits are increased above the minimum specified in the act. The members receive benefits as follows:

(1) Free medical attendance from the first day of sickness together with medicines, trusses, crutches and other such appliances.

(2) In case of disablement, cash benefits up to as high as 15 marks ($3.75) per week for a period of 34 weeks, beginning after the second day.

(3) In place of the foregoing, free treatment in a clinic, hospital or home for convalescents. A cash benefit in such cases is granted to members of the patient's family dependent on his earnings, equal to two-thirds the cash benefit to which he would have been entitled, had he not entered the hospital. Should there be no dependents, one-fourth of the cash benefit, as stated, is paid to the patient himself.

(4) A cash benefit to women after confinement, for a period of six weeks.

(5) A cash benefit for widows and orphans.

(6) Benefits for the families of members, so far as they are not self-supporting, as follows: (a) For minor children, husbands, wives, parents, grandparents and parents-in-law, not themselves members, if dependent upon a member, free medical attendance and medicines (but not appliances) for a maximum period of 13 weeks. (b) A cash benefit on the death of wife or minor child, not themselves members, of from 15 to 30 marks ($3.75 to $7.50) according to class.

Members are divided into 10 classes, according to their average weekly wages. The contribution is limited to 3½ per cent of the wages, and the benefit received varies with the class of the member. The society employs 23 collectors who collect contributions from the employers at the end of each month.

Table 94, on the following page, shows the contributions and benefits in the 10 classes respectively.

TABLE 94.—WEEKLY CONTRIBUTIONS, AND SICK AND FUNERAL BENEFITS BY WAGE CLASSES. LOCAL SOCIETY OF LEIPSIC, 1908

Class	*Average Daily Wage* (*Marks*)	Weekly Contributions			*Weekly Sick Benefit in Addition to Free Medical Attendance, Medicines, Appliances* (*Marks*)	*Funeral Benefit* (*Marks*)
		Paid by Employe (*Marks*)	*Paid by Employer* (*Marks*)	*Total* (*Marks*)		
I	5.00	.70	.35	1.05	15.00	100
II	4.50	.64	.32	.96	13.50	90
III	4.00	.56	.28	.84	12.00	80
IV	3.50	.50	.25	.75	10.50	70
V	3.00	.42	.21	.63	9.00	60
VI	2.50	.36	.18	.54	7.50	50
VII	2.00	.28	.14	.42	6.00	40
VIII	1.50	.22	.11	.33	4.50	30
IX	1.00	.14	.07	.21	3.00	20
X	0.60	.08	.04	.12	1.80	12

In the year 1908, free medical attendance and sick benefits were granted in 70,703 separate cases of sickness. The total number of days sick was 1,697,796, an average duration of 24 days for each case of sickness. Incapacity resulting from accident contributed 6,998 cases, or about 10 per cent of all. Of the sicknesses, 5,708 continued for less and 1,290 for more than four weeks. In addition, 10,006 members received treatment in hospitals at the expense of the society, including 2,732 wives and children of members. Moreover, 3,154 women received aid in confinement. There were 4,940 death benefits paid. The society employs under contract 410 physicians, each member being permitted free choice among them, unless he requires attendance at his home, when a physician practicing in the neighborhood must be selected. Since May, 1905, medical fees have been fixed at 6.50 marks ($1.63) per member per year, divided as hereinafter set forth; but when special fees are included, the cost in 1908 was 8.54 marks ($2.14) per member. The society also employed 137 specialists, 23 dentists, 55 druggists, and 20 opticians.

The amount set aside for physicians' fees is divided as follows: Each physician reports the number of calls and office

treatments; the aggregate amount set aside for payment of physicians is then divided by the number of office treatments plus twice the number of calls. This gives the sum which can be allowed for each office treatment, twice that sum being allowed for each call. Apportionment is made by a board of physicians which arbitrates all disputes.

In addition, the society has at its disposal three convalescent homes, the most important of which is the health resort of Augustusbad, near Dresden; it contains 200 beds and is fitted with all kinds of medicinal baths, etc. For the maintenance of each patient, 2.50 marks (63 cents) per diem is paid. A cash benefit is paid to the dependent family, precisely as if the patient were undergoing treatment in a hospital. All these benefits are furnished members without additional payments.

Of special interest is the society's campaign to prevent tuberculosis among its members. Doctors employed by the society are requested to report the origin, treatment and progress of each case of tuberculosis under their care and to notify the management of all cases of diseases of the lungs which would seem to require treatment in a sanitarium. Steps are then taken to send the patient to a suitable sanitarium. Of 1,390 tubercular members who made application during the course of the year 1908, no less than 745 were taken care of. It has been found that in a remarkably large percentage of the cases either a complete or at least a partial cure has been effected. The society also has at its disposal a special convalescent home in the woods of Stotteritz, a suburb of Leipsic, where consumptive members may spend the day in the summer. To save those living at a distance from going home to their mid-day meal, the society supplies a sum for the purchase of milk and luncheon. Railway fares are also given.

To check simulation, the society has a well-developed system of supervision of sick members. The city is divided into 21 sub-districts, which are in charge of paid inspectors who are under the direction of the central bureau. Each of these has under him several unsalaried district visitors selected from the members. These voluntary visitors now number 250.

The following table shows the receipts and disbursements of this society for 1908.

TABLE 95.—RECEIPTS AND DISBURSEMENTS OF THE LOCAL SOCIETY OF LEIPSIC, 1908

Receipts	*Marks*	*Per Cent*
Interest	121,916	1.8
Entrance fees from new voluntary members	699	.0
Contributions of employes and employers	5,895,616	88.7
Contributions of voluntary members	406,965	6.1
Indemnities received from employers' mutual insurance associations for benefits paid	173,011	2.6
Other receipts	51,494	.8
Total	6,649,701	100.0

Disbursements	*Marks*	*Per Cent*
Medical attendance	1,415,324	21.5
Medicines and appliances	680,887	10.4
Benefits to members	2,672,868	40.6
Benefits to families of members	159,345	2.4
Benefits to women after confinement	124,741	1.9
Funeral benefits	155,813	2.4
To hospitals, sanitariums, etc.	608,637	9.3
Administration expenses	573,336	8.7
Other disbursements	186,407	2.8
Total	6,577,378	100.0

In this year receipts amounted to about 40 marks ($10), and disbursements to 39.7 marks ($9.92) per member. The surplus of receipts over disbursements is at the end of the year carried to the reserve fund, the law requiring 10 per cent of each year's contributions to be put into this fund until it equals the average annual disbursements during the last three years. The Leipsic society now possesses reserves amounting to almost 6,500,000 marks ($1,625,000).

A centralized society, similar in most respects to the one in Leipsic, is found in Dresden. The chief difference in this society is that physicians are not paid per patient but by annual salaries. The entire city is divided into 100 districts, each in charge of a physician who receives 3000 marks ($750) per annum. This makes an average cost of a little more than six marks ($1.50) per member, somewhat less than that in the Leipsic

society. The physician is thus made independent of his patients and all incentives to increase their number are removed.

In Berlin no such consolidation of societies has as yet taken place. At present, there are many separate organizations, including 55 local societies, 54 factory societies and 19 guild or trade societies. In addition, there are a few mutual aid societies; but the three first named classes include nearly the entire insured population. Local societies are the largest, having 525,686 members at the close of 1906. That composed of clerks in stores had nearly 100,000 members. Factory societies had 126,259 members and the guilds or trade societies, 58,445, making a total for these three classes of 710,390, one-third of whom are women.

The Berlin societies, however, have developed along one line in which they are distinctly in advance of the others. They have formed a central organization, known as the Central Commission of the Sickness Societies of Berlin, for the purpose of instructing members in important matters of hygiene and sanitation. An interesting program of instruction has been developed. Lecture courses, arranged for various parts of the city and suburbs, are open to members without cost. Lectures are given by specialists and include such subjects as sexual infection and its consequences; causes and prevention of consumption; sickness and accident; care of the throat, nose and ears; women's diseases and their prevention; the perils of alcohol; diet and digestion; the care of the eyes and other common disorders which interfere with the effectiveness of workingmen and workingwomen. Literature upon all of these subjects is printed in a simple and striking form and is widely circulated.

The operations of a typical voluntary sickness insurance society remain to be considered. One of the most instructive is the "Hansa," in Hamburg. It was established in 1879, and has 1,265 members, of whom 990 are men and 275 women. Some join such a society, it is said, in preference to one of another class because they find it easier to obtain employment, the employer not being required to contribute to a voluntary society. In this connection, however, it should be noted that the employer by thus attempting to escape paying a part of the cost of sickness insurance, runs the risk of being mulcted for the costs of an illness,

should the workman have failed to keep up his payments. There are in the "Hansa" two classes of members: first, adult males who pay 2.30 marks (58 cents) monthly; second, women, and children under sixteen, who pay 1.60 marks (40 cents). In case of disability a sick benefit of two marks (50 cents) daily, exclusive of Sunday, is paid to members of the first class, and 1.25 marks (31 cents) to members of the second. The benefit is paid for 26 weeks, after which time the member becomes entitled to one from the government invalidity fund. Wives and children of members are also cared for in case of sickness. The society employs its own physicians, but in case of emergency, the member may employ others. A funeral benefit of 40 marks ($10) is paid upon the death of a member of the first class, and 30 marks ($7.50) upon the death of a member of the second, if the member has been in good standing for at least three months, and double these amounts if in good standing six months or over.

The officers, consisting of president, vice-president and secretary are elected by the members. The treasurer, who conducts the ordinary business of the society, alone receives a salary and is under bond. Cost of administration for the year 1907, largely for commissions on collection of dues, was approximately 5000 marks ($1250). As in many voluntary societies, the receipts for the past year were less than the disbursements. It will, therefore, be necessary to increase the dues in order to meet the legal requirements. Malingering is prevented by forcing the invalid, concerning whose sickness there is doubt, to submit to hospital treatment, instead of remaining at home. This method is said to be effectual.

AUSTRIA

Before the institution of the compulsory system in Austria, sickness insurance was conducted by many mutual societies, guild sickness associations and miners' associations. These had sprung up under the influence of favorable legislation and had paved the way for the compulsory system.

The first law having an important bearing upon later legislation was that of February 18, 1837, which provided that all

trade employers should give free medical attendance, for a period of four weeks, to workmen and apprentices, without distinction of sex. The law of May 23, 1854, created sickness insurance societies for miners (Bruderladen), modeled after the "Knappschaftskassen" of Germany. No attempt was made to put them on a technically solvent basis. Workingmen were not represented in their management, and in many cases the legality of their operations was far from certain.

Of greater importance than the earlier enactments, was the Trade Ordinance of December 20, 1859, which created factory and guild sickness insurance societies. This measure really inaugurated the modern principle of insurance as a factor in labor legislation. It provided that employers in establishments employing more than 20 workingmen should organize sickness and accident benefit societies, especially if the trade was of a dangerous character. If a society was already in existence, the employer was required to contribute to its support. Payments of employers were half as much as the aggregate contributions of their employes which at most was 3 per cent of their wages. Practical results were far from satisfactory. Controversies constantly arose because the laws drew no distinction between incapacity due to sickness and that due to accident. Sometimes, too, it was impossible to determine when the employer should create a new society or support an existing one. Employers' contributions were not sufficiently definite and the disinclination of many workingmen to join the societies discouraged their development. The power of the state, moreover, was not strong enough to enforce the law, and a large majority of workingmen remained without protection.

Meanwhile, the law of 1852 "recognizing" and regulating sickness insurance societies had been passed. Greater privileges were later granted by the law of November 15, 1867, which "recognized" them as benevolent organizations. Further progress in this direction was checked, however, by the passage of the insurance law of 1880 which put them back in the same legal status in which the law of 1852 had placed them.

Under the above regulations, there were in 1879, 860 voluntary organizations, including 40 railroad societies. Of these 504 were connected with industrial enterprises, 235 with trades, 25

with various other undertakings and 93 were general funds not connected with any particular branch of labor. Funds for these societies were contributed by employers in 22 cases only, by workingmen in 320 cases and by both in 518 cases. There were in all 316 trade guilds, of which 52 gave benefits in case of sickness and 18 benefits to widows and orphans. Only 348 in all granted medical attendance, medicines and cash benefits, and only 120 funeral benefits. The number of members in 748 societies was 306,678. The income for 1879 was 2,013,018 florins ($805,207) and the expenditures were 1,854,911 florins ($741,964).

The inadequacy of the above provisions was apparent to everyone, especially in view of the rapid development of industry in Austria. The authorities, therefore, attempted to improve conditions by increasing the liability of employers and by establishing on a compulsory basis the already existing sickness insurance societies of the guilds, as well as those of the miners. After many efforts, two amendments to the trade ordinance, those of March 15, 1883, and March 8, 1885, were passed. Of these, the first declared the sickness insurance organizations of the trade guilds compulsory institutions and attempted to regulate them. The second provided that employers in factories where there were no compulsory trade guilds, should establish special factory societies. Again very few employers complied with the law. At the close of 1887, only 200 sickness insurance societies were in existence though there were about 4500 guilds, proof most positive of the futility of the ordinance of 1883. Meanwhile, agitation in Germany and the actual enactment of the German laws impressed everybody with the necessity of establishing a system of obligatory insurance upon the German model. Opposition was no longer directed against the principle of compulsion, the important problem being how to establish a system which would not overtax the limited finances of small employers. In this spirit the original sickness insurance bill was introduced in Parliament in 1885, received its various modifications, and became a law March 30, 1888. Modified later by the amendment of April 4, 1889, it provides for the insurance of workingmen and workingwomen, as well as for employes in all branches of industry, trade and transporta-

tion. Those engaged in navigation, forestry, agriculture, and home industries, as well as those employed by the state or communes, may insure voluntarily.

As in Germany, the government turned to the already existing agencies for the administration of the law. It was found necessary, however, to supplement these with a number of new societies. The following six types of societies began operations:

(1) District sickness insurance societies (Bezirkskrankenkassen) which, like the local and communal sickness societies of Germany, correspond to geographical districts. All workingmen, not elsewhere insured, must join these.

(2) Factory sickness insurance societies (Fabrikskrankenkassen) organized by owners of large factories, not connected with trade guilds, which employ at least 100 hands.

(3) Building trades sickness insurance societies (Baukrankenkassen) established by builders, and usually of a temporary character.

(4) Trade-guild sickness insurance societies (Genossenschaftskrankenkassen), corresponding to the "Innungskrankenkassen" of the German system.

(5) Private friendly societies (Vereine).

(6) Miners' societies (Bruderladen).

The law of July 16, 1892, added a seventh category; namely, registered mutual sickness insurance societies (Eingeschriebene Hilfskassen) comprised chiefly of salaried employes. In practice, there is also an eighth class, societies composed of apprentices (Lehrlingskrankenkassen). These latter are offshoots of and associated with the trade-guild sickness insurance societies.

District, building trades and factory societies are distinctly new creations of the compulsory law. Trade-guild societies, private friendly societies and miners' societies, on the other hand, were permitted to carry on their operations under their own previous legislation, provided they granted the minimum benefits of the new law. These are (1) free medical attendance and medicines, or hospital treatment if necessary; (2) a sick benefit of 60 per cent of the wages for each sickness of more than three days, beginning from the first day and not to exceed 20 weeks; (3) the same benefit to women for four weeks after childbirth,

and (4) in case of death, a funeral benefit equal to 20 times the daily wages. These are minimum benefits. Societies created by the law may, however, grant free medical attendance and medicines, a sick benefit up to three-quarters of the daily wages, payable for a period up to one year, and a death benefit up to 100 kronen ($20). Other societies may also pay more than the minimum; but, as the state limits the contributions of the members to 3 per cent of their wages, they cannot go very much above. In determining the amount of benefit, four kronen (80 cents) is considered the maximum daily wage.

In all organizations except in the private friendly and miners' societies, contributions of workingmen and employers amount, as in Germany, to two-thirds and one-third respectively. To the former, employers need not contribute at all; to the latter, only as required by a separate statute. In practice, they often do more than required by law for the sake of peace and good will, sometimes paying one-third of the total contributions to private friendly societies and more than the legal proportion to other organizations.

TABLE 96.—NUMBER OF SICKNESS INSURANCE SOCIETIES, DECEMBER 31, 1890–1906

Year	*District*	*Factory*	*Building Trades*	TRADE-GUILD		*Private Friendly*	*Total*
				Journeymen	*Apprentices*		
1890	549	1,446	4	673	94	59	2,825
1895	561	1,388	4	841	306	113	3,213
1900	565	1,331	2	878	376	147	3,299
1902	562	1,291	6	874	393	164	3,290
1904	570	1,291	32	894	421	189	3,397
1905	571	1,279	35	884	420	198	3,387
1906	571	1,258	31	880	433	205	3,378

As in Germany, it is obligatory upon the employer to enforce the payments of workingmen. If a newly engaged employe does not already belong to some society, the employer must report his name to the authorities not later than three days after

work is begun. For each neglect to do this, he may be compelled to pay a fine of about $5.00 or to suffer imprisonment for two days. A court of arbitration decides disputes without cost to the appellant. As has been already intimated, the system of sickness insurance is far less developed in Austria than in Germany. This is immediately apparent from the comparatively small number of societies of the various types, as shown in Table 96.

Excluding the trade-guild societies of apprentices which receive special statistical treatment in the Austrian reports, the number of societies of the remaining five types was 2945 in 1906. Of these only 2917 reported in detail to the government and they alone are considered in the following figures. Table 97 shows the growth in membership in the five chief classes of societies.

TABLE 97.—NUMBER AND AVERAGE MEMBERSHIP OF SICKNESS INSURANCE SOCIETIES, 1890–1906

Year	*Number of Societies*	*Average Membership*
1890	2,740	1,548,825
1895	2,915	2,066,435
1900	2,942	2,499,930
1902	2,915	2,595,474
1904	2,942	2,767,506
1905	2,934	2,844,245
1906	2,917	2,946,668

Of the 2,946,668 insured in 1906, 667,273, or 22.6 per cent, were women. Table 98 shows the percentage of the sexes in each type of society.

TABLE 98.—PER CENT OF SEXES IN SICKNESS INSURANCE SOCIETIES, 1906

Societies	*Per Cent*	
	Men	*Women*
District	80.8	19.2
Factory	73.7	26.3
Building	96.1	3.9
Trade-guild	78.2	21.8
Private Friendly	73.0	27.0
All societies	77.4	22.6

Austrian sickness societies are usually small organizations. Table 99 gives the average number of members in 1906.

TABLE 99.—AVERAGE NUMBER AND PER CENT OF SICKNESS INSURANCE SOCIETIES AND OF MEMBERSHIP, 1906

Societies	*Average Number of Societies*	*Per Cent of Total*	*Average Membership*	*Per Cent of Total*	*Average Membership per Society*
District	565	19.5	1,271,142	43.1	2,250
Factory	1,246	43.0	707,314	24.0	568
Building Trade	24	.8	8,349	0.3	348
Trade-guild	871	30.0	428,998	14.6	493
Private Friendly	194	6.7	530,865	18.0	2,736
Total	2,900	100.0	2,946,668	100.0	1,016

In spite of their small number (19.5 per cent), the district societies contain a little over 43 per cent of the total number insured; half of them have more than 1000 members each. The greatest interest of the government, therefore, is centered in their operation and it may be said that the law is being worked out largely through their agency. They are permitted to organize central federations, covering an entire district. Contiguous district societies may in this way establish a common reserve fund, co-operate in the investment of their funds, organize a common statistical service and make common contracts with physicians, druggists or hospitals. Because of these and other privileges, district societies are the most prosperous and are likely to become the principal organs of administration in the projected reform law.*

Factory societies, although most numerous, are generally small organizations of workingmen under the same employer. They include associations of public and private railway employes, as well as employes of the state manufacturing establishments. This type of society, as Table 96 shows, is gradually becoming less popular, the general tendency toward centralization making it probable that these as well as the building trades and trade-guild societies will become less and less important factors in sickness insurance.

* For a description of the proposed measures, see Chapter XIX, The Reform Project in Austria, page 414.

Private friendly societies are still, on the average, larger in membership than district societies, a fact that may be ascribed to the long period of their operation and to their social character. Altogether, they are in a far more flourishing condition than similar organizations in Germany; and in the larger cities, especially Vienna, they have associated themselves with the trade-guilds and many of them have federated. They thus provide in common for medical attendance, medicines, investigation of claims and similar matters, but maintain their individual autonomy, receiving premiums and making disbursements. Federations are most effectual for all the purposes for which they were created, and especially for prevention. This they accomplish by educating workmen to the dangers of accident and disease, and by interfering directly when certain shops are found to produce an undue percentage of disability. Although there is as yet no uniformity of opinion on this matter, the general tendency seems to be toward establishing large territorial organizations which shall replace the existing smaller societies throughout the empire.

The Austrian sickness and mortality statistics are especially instructive. Table 100 gives the figures in most general form.

TABLE 100.—TOTAL NUMBER OF CASES AND DAYS OF SICKNESS AND DEATHS IN SICKNESS INSURANCE SOCIETIES, 1890–1906

Year	Total Sickness		Confinement Alone		*Deaths*
	Cases	*Days*	*Cases*	*Days*	
1890	797,683	12,409,327	26,780	689,889	15,925
1895	1,013,599	17,516,981	41,846	1,124,522	20,094
1900	1,313,148	22,708,651	51,053	1,399,474	23,845
1902	1,287,575	23,301,237	52,113	1,430,103	23,504
1904	1,412,272	25,088,706	53,265	1,468,514	24,825
1905	1,527,657	26,978,071	50,696	1,434,982	27,080
1906	1,492,360	26,433,187	54,020	1,502,120	24,858

More important are the figures in terms of the number insured. Table 101 gives these data under four principal heads.

TABLE 101.—CASES AND DAYS OF SICKNESS AND DEATH RATE IN SICKNESS INSURANCE SOCIETIES, 1890–1906

	1890	1895	1900	1902	1904	1905	1906
Cases of sickness per year per 100 insured .	49.8	47.0	50.5	47.6	49.1	51.9	48.8
Average days of sickness per case . . .	15.2	16.9	16.9	17.7	17.4	17.3	17.3
Days of sickness per year per 100 insured .	801	848	908	898	907	949	897
Deaths per 100 insured	1.03	0.97	0.95	0.91	0.90	0.95	0.84

Comparing these figures with those of Germany (Table 70, page 240) it will be seen that Austria presents a higher sickness rate than Germany. In 1906, for example, the number of cases of sickness per 100 insured in Austria exceeded that in Germany by eleven. This condition has persisted during the last ten years and points to a fundamental difference in the efficiency of the control and supervision of the two systems. The average duration of sickness, on the other hand, appears to be lower in Austria than in Germany.

Conclusive evidence of greater morbidity in Austria is shown by the third item, the days of sickness per 100 insured. Up to 1905 the number of days of sickness increased steadily and in that year reached 949 days per 100 insured. In 1906, the number fell to 897 days. In Germany, on the other hand, in spite of even more rapid increase during recent years, the number in 1906 reached only 748 days of sickness per 100 insured. Although the Austrian system pays benefits for both Sundays and holidays and has not, as in Germany, a waiting period of three days, its greater liberality cannot account for this larger morbidity. The mortality rate is also lower in Germany. Comparing the figures for 1906 in the two countries, the mortality rate of Germany is eight lower for each 10,000 insured. As might be expected, considerable differences appear when the mortality and morbidity statistics of the various societies are compared. Table 102 gives these figures for the year 1906.

Factory societies it will be observed disclose the most unsatisfactory conditions, with 66 cases of sickness per 100 insured

in the course of the year. District and trade-guild societies show the lowest figures. The amount of sickness is about the same for one sex as for the other.

TABLE 102.—CASES AND DAYS OF SICKNESS AND DEATH-RATE IN SICKNESS INSURANCE SOCIETIES, 1906

	District	*Factory*	*Building Trades*	*Trade-Guild*	*Private Friendly*	*All Societies*
Cases of sickness per 100 insured	44.6	66.2	67.2	35.8	45.9	48.8
Cases of confinement per 100 women insured	8.11	9.65	2.77	5.03	8.06	8.10
Days of sickness per male member	7.14	12.32	9.44	6.91	8.57	8.54
Days of sickness per female member						
Including confinements	9.67	13.03	4.55	7.31	10.45	10.44
Excluding confinements	7.38	10.28	3.81	5.95	8.34	8.19
Confinements alone	2.29	2.75	0.74	1.36	2.11	2.25
Days of sickness per member in general, including confinements	7.63	12.50	9.25	7.00	9.08	8.97
Average days of sickness per case	16.1	17.8	13.7	18.7	18.5	17.3
Daily average of sick per 100 insured	2.09	3.43	2.53	1.92	2.49	2.46
Deaths per 100 insured	0.74	0.87	0.55	0.80	1.09	0.84

TABLE 103.—TOTAL BENEFITS AND OTHER EXPENDITURES OF SICKNESS INSURANCE SOCIETIES, 1906

	District (*Kronen*)	*Factory* (*Kronen*)	*Building Trades* (*Kronen*)	*Trade-Guild* (*Kronen*)	*Private Friendly* (*Kronen*)	*Total* (*Kronen*)
Sick benefits	10,150,420	8,739,049	86,774	4,454,845	6,354,718	29,785,806
Medical assistance	3,820,394	2,467,932	52,294	1,340,684	1,709,302	9,390,606
Medicines	2,526,861	2,329,162	22,097	975,626	1,093,023	6,947,669
Hospital service	1,819,307	719,498	66,873	737,837	574,308	3,917,823
Funeral expenses and benefits	414,456	355,175	3,166	215,347	336,299	1,324,443
Total benefits	18,731,438	14,610,816	232,104	7,724,339	10,067,650	51,366,347
Management expenses	2,764,377	76,126	7,908	1,153,970	1,169,218	5,171,599
Other expenditures	796,380	1,805,549	8,740	209,909	167,105	2,987,683

We may now compare benefits granted. Tables 103 and 104 give statistics of benefits under various items in five classes of societies.

TABLE 104.—RATIO OF VARIOUS ITEMS OF EXPENDITURE TO TOTAL, AND AMOUNT EXPENDED PER MEMBER IN SICKNESS INSURANCE SOCIETIES, 1906

	District	*Factory*	*Building Trades*	*Trade-Guild*	*Private Friendly*	*All Societies*
PER CENT OF TOTAL EXPENDITURES:						
Sick benefits	45.5	53.0	34.9	49.0	55.7	50.0
Medical assistance	17.1	15.0	21.0	14.8	15.0	15.8
Medicines	11.3	14.1	9.2	10.7	9.6	11.7
Cost of hospital service	8.2	4.4	26.9	8.1	5.0	6.6
Funeral expenses and benefits	1.9	2.1	1.3	2.4	3.0	2.2
Total benefits	84.0	88.6	93.3	85.0	88.3	86.3
Management expenses	12.4	0.5	3.2	12.7	10.2	8.7
Other expenditures	3.6	10.9	3.5	2.3	1.5	5.0
PER CENT OF TOTAL INCOME:						
Sick benefits	45.4	55.6	39.4	47.6	52.6	49.9
Medical assistance	17.1	15.7	23.7	14.4	14.1	15.7
Medicines	11.3	14.8	10.4	10.4	9.0	11.6
Cost of hospital service	8.1	4.6	30.4	7.9	4.8	6.6
Funeral expenses and benefits	1.8	2.3	1.4	2.3	2.8	2.2
Total benefits	83.7	93.0	105.3	82.6	83.3	86.0
Management expenses	12.4	0.5	3.6	12.3	9.7	8.7
Other expenditures	3.6	11.5	4.0	2.2	1.4	5.0
EXPENDITURES PER INSURED:	*Kronen*	*Kronen*	*Kronen*	*Kronen*	*Kronen*	*Kronen*
Sick benefits	7.98	12.36	10.39	10.38	11.97	10.11
Medical assistance	3.01	3.49	6.26	3.13	3.22	3.18
Medicines	1.99	3.29	2.76	2.27	2.06	2.36
Cost of hospital service	1.43	1.02	8.01	1.72	1.08	1.33
Funeral expenses and benefits	0.33	0.50	0.38	0.50	0.63	0.45
Total benefits	14.74	20.66	27.80	18.00	18.96	17.43
Management expenses	2.17	0.11	0.95	2.69	2.20	1.76
Other expenditures	0.63	2.55	1.04	0.49	0.32	1.01

If in the above figures we consider the various kinds of benefits alone, we obtain the following ratios to total benefits in 1906.

TABLE 105.—RATIO OF VARIOUS BENEFITS TO TOTAL BENEFITS IN SICKNESS INSURANCE SOCIETIES, 1906

Societies	*Per Cent*
Sick benefits	58.0
Medical assistance	18.3
Medicines	13.5
Hospital treatment	7.6
Funeral benefits	2.6
Total	100.0

Turning to Table 82 (page 248), of our study of sickness insurance in Germany, we may compare benefits under the two systems. In the main there is agreement. The most important difference in 1906 is in the proportion of sick benefits, the Austrian being 5.0 per cent of all, to the German 44.3 per cent. This is in line with the general tendency to grant higher cash benefits in Austria.

Especially instructive are the figures for daily benefits and for each case of sickness. Table 106 gives the figures for each class of society.

TABLE 106.—AVERAGE BENEFITS PER DAY, PER CASE OF SICKNESS, AND PER DEATH IN SICKNESS INSURANCE SOCIETIES, 1906

	District (*Kronen*)	*Factory* (*Kronen*)	*Building Trades* (*Kronen*)	*Trade-Guild* (*Kronen*)	*Private Friendly* (*Kronen*)	*All Societies* (*Kronen*)
PER SICK DAY:						
Sick benefit	1.05	.99	1.12	1.48	1.32	1.13
Medical treatment	.39	.28	.68	.45	.35	.35
Medicines	.26	.26	.30	.32	.23	.26
Hospital service	.19	.08	.87	.25	.12	.15
Total	1.89	1.61	2.97	2.50	2.02	1.89
PER CASE OF SICKNESS:						
Sick benefit	17.30	17.97	15.44	28.13	24.91	19.96
Medical treatment	6.51	5.07	9.30	8.46	6.70	6.29
Medicines	4.31	4.79	4.09	6.16	4.28	4.66
Hospital service	3.10	1.48	11.90	4.66	2.25	2.62
Total	31.22	29.31	40.73	47.41	38.14	33.53
PER DEATH	43.88	57.76	68.83	62.99	58.00	53.28

We may now compare the average benefits received by each insured member with the average cost per member. Table 107 gives the figures for 1906.

TABLE 107.—AVERAGE CONTRIBUTION AND AVERAGE BENEFIT PER MEMBER IN SICKNESS INSURANCE SOCIETIES, 1906

	District (*Kronen*)	*Factory* (*Kronen*)	*Building Trades* (*Kronen*)	*Trade-Guild* (*Kronen*)	*Private Friendly* (*Kronen*)	*All Societies* (*Kronen*)
Average contribution per member	11.74	14.17	16.92	14.56	17.93	13.86
Average contribution of employer per member	5.86	8.05	9.48	7.25	4.83	6.42
Combined average contribution of members and employers per member	17.60	22.22	26.40	21.81	22.76	20.28
Total income per member	18.74	24.47	29.68	23.06	23.75	21.68
Average benefit per member	14.74	20.66	27.80	18.00	18.96	17.43
Average excess of benefit over contribution per member	3.00	6.49	10.88	3.44	1.03	3.57

It is at once clear that in each variety of society, benefits exceed the cost to members, and in some cases, as in building trade and factory societies, the excess is considerable. This condition is of course made possible only by the additional contri-

TABLE 108.—INCOME AND DISBURSEMENTS OF SICKNESS INSURANCE SOCIETIES, 1906

	District (*Kronen*)	*Factory* (*Kronen*)	*Building Trades* (*Kronen*)	*Trade-Guild* (*Kronen*)	*Private Friendly* (*Kronen*)	*Total* (*Kronen*)
INCOME:						
Total	23,824,532	17,309,826	247,775	9,894,378	12,608,945	63,885,456
From contributions	22,369,822	15,716,863	220,407	9,354,868	12,083,846	59,745,806
DISBURSEMENTS:						
Total	22,292,195	16,492,491	248,752	9,088,218	11,403,973	59,525,629
For benefits	18,731,438	14,610,816	232,104	7,724,339	10,067,650	51,366,347
EXCESS OF INCOME OVER DISBURSEMENTS:						
Total	1,532,337	817,335	977	806,160	1,204,972	4,359,827
Per cent of contributions	6.85	5.20	..	8.62	9.97	7.30

bution of employers. Table 108 gives the figures for total income and disbursements of the societies.

With the exception of the building trade societies, there is a surplus for each type. It must not be supposed, however, that all the societies of the four types which, as a whole, showed a surplus for 1906, are in such a favorable financial condition. This is true only of the average. A considerable number show deficits as Table 109 indicates.

TABLE 109.—FINANCIAL CONDITION OF SICKNESS INSURANCE SOCIETIES, 1906

	District	*Factory*	*Building Trades*	*Trade Guilds*	*Private Friendly*	*All Societies*
Number of societies						
With a surplus .	453	772	14	623	163	2,025
(With 20 per cent of contributions to reserve fund) . .	(74)	(280)	(8)	(227)	(59)	(648)
With a deficit .	114	476	16	252	34	892
Total . . .	567	1,248	30	875	197	2,917
Total surplus (*Kronen*) . . .	1,698,926	1,238,897	36,108	950,526	1,238,576	5,163,033
Total deficit (*Kronen*)	166,589	421,562	37,085	144,366	33,064	803,206
Societies with a reserve fund . .	540	1,220	17	850	192	2,819
Societies without a reserve fund .	27	28	13	25	5	98
Total reserve fund (*Kronen*) . .	13,253,845	21,291,831	43,879	8,908,350	8,766,532	52,264,437
Total uncovered liabilities (*Kronen*)	65,804	141,572	57,823	58,135	1,168	324,502
Net reserve fund at end of fiscal year	13,188,041	21,150,259	−13,944	8,850,215	8,765,364	51,939,935
Amount of reserve fund per member at end of fiscal year	10.37	29.90	−1.67	20.63	16.51	17.63

The number of societies with a deficit for 1906 was, therefore, over 31 per cent. Of the 2917 societies, 98, or 3 per cent, had absolutely no reserve fund. Table 110 shows the conditions prevailing in each class of society.

TABLE 110.—FINANCIAL CONDITION OF SICKNESS INSURANCE SOCIETIES, IN PERCENTAGES, 1906

	District	*Factory*	*Building Trades*	*Trade-Guild*	*Private Friendly*	*All Societies*
Per cent of Societies having:						
Surplus	80	62	47	71	83	69
Deficit	20	38	53	29	17	31
Reserve fund	95	98	57	97	97	97
Without reserve fund	5	2	43	3	3	3
Ratio of deficit to surplus	9.81	34.03	102.71	15.19	2.71	15.56
Ratio of uncovered liabilities to reserve fund	0.50	0.66	131.78	0.65	0.01	0.62

District societies are required by law to set aside at least 20 per cent of their contributions each year as a reserve fund. Of this amount, a part is placed in the general reserve fund of the federation of district societies to which the society belongs. The remainder must be accumulated until it amounts to double the aggregate annual disbursements. Judged by this standard, the number of societies in a satisfactory financial condition is small. In 1906, only 22½ per cent of all were able to set aside 20 per cent of their current contributions for reserve. The number, on the other hand, which at the beginning of the year had a reserve amounting to double the average annual disbursements, was larger, reaching over 39 per cent of the total. Of these, 56 were district, 719 were factory and 319 trade-guild societies.

Appeals by members from the decision of the authorities of the societies are decided according to law by the courts of arbitration attached to the several societies. Table 111 gives the operations in this connection for the year 1906.

There were, thus, 2299 appeals against the decisions of the society authorities, of which 1676 were complete, and 623 were partial appeals. The courts of arbitration decided 1945 pending claims out of the total of 2299, and of these, 1141 were entirely dismissed and 804 either partially or completely decided in favor of the appellant. The frequency of appeals varies in the different types of societies. Thus in the district societies there were 13.3 appeals per 10,000 members; in the trade guilds 5.3; in

TABLE 111.—APPEALS FROM COURTS OF ARBITRATION IN SICKNESS INSURANCE SOCIETIES, 1906

	District	*Factory*	*Building Trades*	*Trade-Guild*	*Private Friendly*	*Total*
Number of societies . . .	567	1,248	30	875	197	2,917
Number of appeals to arbitration courts: . . .	1,688	238	12	229	132	2,299
Because of complete rejection of benefit offered .	1,258	152	7	172	87	1,676
Because of partial rejection of benefit offered . . .	430	86	5	57	45	623
Results of appeals:						
Claims withdrawn . .	67	1	..	8	3	79
Claims compromised . .	34	11	..	35	6	86
Claims decided by court:						
Denied	847	115	4	95	80	1,141
Granted completely. .	343	51	3	44	19	460
Granted partially . .	240	58	3	30	13	344
Total granted . . .	583	109	6	74	32	804
Unsettled at end of year .	75	..	1	11	6	93

the factory 3.4; and in the friendly societies 2.5. The average for all societies combined was 7.8 per 10,000 members.

INSURANCE AGAINST INVALIDITY AND OLD AGE

XI

INSURANCE AGAINST INVALIDITY

MOST of the friendly societies of Great Britain and some sickness insurance societies on the continent cover total and permanent as well as temporary disability, but usually for a greatly reduced benefit. Ordinarily no distinction is made whether disability is caused by old age or not, so that in effect, although not in name, the system embraces the giving of old age pensions. The rules, however, commonly provide that the member must really be disabled, and the mere fact that he is old, if he is not otherwise incapacitated, will not give the right to a benefit. The liberality of various societies or branches in dealing with this matter differs greatly. It might be supposed that the most solvent would be the most liberal; but doubtless the fact is precisely the contrary, as in most cases insolvent societies or branches owe their condition largely to over-liberality. A serious financial difficulty attaches to the granting of invalidity and old age benefits because of the length of time the benefits must continue. If a society is to be considered solvent the present value of these benefits should be counted among its liabilities. Computation of adequate rates and determination of reserves are therefore rendered complex and difficult.

Questions of this kind have complicated the rescue of the friendly societies of Great Britain and have greatly impeded their progress toward solvency. Difficulties are also increased for older societies by the creation of new ones which collect only enough to pay indemnities falling due from month to month. In recent years this has been prevented by provisions in the Friendly Societies Act, under which no new societies can be organized except with adequate rates, certified by a competent actuary approved by the Registrar of Friendly Societies. Older

ones are, however, still struggling with financial difficulties. Ignorance concerning the nature of this form of insurance plunged them into insolvency at the outset.

Most sickness insurance societies on the continent do not pay benefits in event of total and permanent disability, or "invalidity" as it is usually called in countries other than Great Britain and the United States. By confining their payments to a relatively short term of disability they have in a measure avoided the condition of almost hopeless insolvency common to societies attempting to furnish these benefits. An exception to the above rule is found in establishment funds connected with individual factories or other establishments. These funds, set on foot by employers, and supported invariably by them have usually provided both for permanent invalidity and for old age and retirement benefits. In fact, not infrequently, these are the sole purposes of the fund. Even when sickness insurance and provision for dependents in event of death are also furnished, the employer has had chiefly in mind care for the old age of those remaining in his employ, and their support if they become hopelessly disabled before reaching old age.

In France and Germany, such provisions were made in the mining industries before any of the new laws for workingmen's insurance or compensation were enacted. This was also the case in regard to the marine service, to steam railways, and in Germany to the great Krupp works at Essen. At the present time in European countries workmen's compensation statutes provide for the support of a wage-earner totally and permanently disabled by accident while at work. In other words, total and permanent disability and invalidity arising from this cause are now taken care of. The earlier weeks of disability, whether permanent or not, without regard to cause, are likewise taken care of by obligatory insurance in Germany and Austria, and in other countries to a large extent by voluntary sickness insurance.

Invalidity arising from causes other than industrial accidents became a matter of deep concern in countries where government insurance had been introduced. In Germany, under the earlier laws a workman disabled beyond a period of thirteen weeks had no longer a claim on a sickness insurance society and

unless his disability was due to an industrial accident could make no demand against the mutual association of employers. The German government, therefore, proceeded to meet this contingency by providing an exceedingly small contribution out of government funds toward a pension to be paid to totally and permanently disabled persons, collecting one-half the remaining cost from workmen and one-half from their employers. Partial and permanent disability is also compensated under the provisions of this invalidity fund. In each district, authorities are given the power to determine the degree of invalidity and to award pensions proportionate to impairment of earning power. In Austria, on the contrary, where an invalidity fund also exists, the government does not allow for partial and permanent disability unless such has been caused by industrial accident, when the employers' association is required to pay the pension.

The plan in each of these countries for the establishment of an invalidity fund is fully described in other sections of this report.* While there are minor differences, under either system it is necessary that a certain minimum number of payments for a period of years shall have been made by the employe before he can, in event of total and permanent disability, be entitled to the maximum amount provided by law. If he becomes disabled before that period the benefit is proportionately reduced. Under this system operated in both countries by the state through a bureau, the managers of which are appointed by the government, there has apparently been much more simulation than in sickness insurance societies or among claimants against mutual liability insurance associations of employers. At first sight it might appear that this is to be expected. It is not easy to pretend one has suffered from accident unless there are external and visible signs, and the entire history of the injury and its consequences is constantly before the association of employers against which claim is made. Moreover, in the first instance the degree of impairment, if the disability is partial, is determined by the association of employers, and

*See Chapter XVIII, The Reform Project in Germany, page 406, and Chapter XIX, The Reform Project in Austria, page 414.

although a large proportion of their awards are appealed from to the higher authorities, a relatively small portion are reversed or considerably modified. In consequence, simulation is rendered doubly difficult.

On the other hand, the determination both as to the fact of permanent disability and its degree, in cases of insured persons disabled otherwise than by industrial accidents, was originally entrusted to local authorities, although pensions were payable out of a fund collected through an entire kingdom or other large government district. This naturally resulted in a lax administration of the law. Since the locality contributed to the fund, the authorities often thought it excellent policy to relieve local poor rates by acquiring as much of the funds for disbursement there as could be done with a good face. As a result of this attitude the amount of permanent disability and especially the amount of the aggregate of awards were excessive in many districts. Cost of invalidity insurance grew much higher than the estimates and increased at a degree not justified by facts. A thorough investigation revealed the laxity already mentioned and proved that a larger measure of control and supervision should be placed in the hands of central authorities. A general revision of the awards throughout the country was then made; as a result, many pensioners were taken from the list altogether on discovery that they were able to work and had, in fact, been working most of the time. A much larger number had the rate of pension reduced on the ground that the degree of impairment of earning power was not so great as had been represented.

It is now believed that the pendulum has swung too far the other way. Complaint is common that the benefits granted under the invalidity law of Germany are at present entirely inadequate, being in fact "too little to live on, and too much to die on," and that even when eked out by whatever the pensioner may be able to earn by his own labor, they little more than maintain him in a condition bordering upon starvation. It is claimed that this is true, though in less degree, even when the maximum pension for total disablement is allowed.

Large funds have been accumulated, in Germany, in connection with invalidity insurance. Much of this amount has

been invested in bonds and mortgages, but about 36 per cent has been used for the building of hospitals, sanatoria and camps for the treatment of tuberculosis; and loans have been made usually at 3 per cent to semi-philanthropic companies organized for the purpose of building and selling workingmen's tenements in the larger cities, and dwelling houses in the suburbs and smaller cities. Sales are made on favorable terms on the instalment plan, and payments do not cost much more than rent of similar quarters. The company which erects and sells the property, mortgages the entire apartment building or the entire group of houses, but is under an obligation to apply a certain portion of the instalments received to the re-payment of this group loan.

Statutes covering total and permanent disability and old age have been in operation for some time in France, the benefits having been paid entirely by the government and by the communes. The French government, however, in April, 1910, supplemented this legislation by additional enactments which will provide more liberally for wage-earners incapacitated prematurely or by old age, through a fund to which employers and employes will contribute and which the state will subsidize. Under this new law, benefits of the measure previously in operation will be confined to a constantly decreasing number of persons who are now too far advanced in years to meet the requirements of the new law. The large public burden which the non-contributory pension law of 1905 now entails, will thus be materially reduced and ultimately removed.

In Sweden, Denmark, and Norway commissions have recently been at work upon the subject of invalidity and old age insurance. Those of the two last mentioned countries have made their reports.

The Norwegian commission recommends that a compulsory system of invalidity and old age insurance be established which shall stand actuarially solvent, the state to pay only the expenses of operation. Contributions are to be required from the insured on the basis of payments for a reasonable term of years and in sufficient amount before benefits shall be given. The idea is to make the plan thoroughly solvent financially even if it should cease at any time to be on a compulsory basis, so that all who

contribute may be absolutely assured of the benefits for which they have paid. The method of operation recommended is to require payment by deduction from wages in the case of wage-earners, and payment by purchase of stamps by all others who would come within the provisions of the act.

The Danish Commission recommended a voluntary plan with rates graded according to age or else amounts of benefits determined by age. This plan involves the accumulation of large funds in order to insure financial solvency. An alternative obligatory system was also suggested similar to that in use in Germany calling for only a small amount of accumulation, if any, because all persons in Denmark reaching the age of seventy without a certain minimum income are entitled to a pension; provision need be made, therefore, only for those permanently disabled before seventy and for benefits until seventy.

The report of the Swedish commission has not been made and its character is not fully determined. It is expected, however, that it will embrace a provision for old age as well as for premature total and permanent disability. The Swedish government has already collected a considerable sum of money which is being held for the purpose of starting a system with an old age feature.

XII

OLD AGE ANNUITIES AND PENSIONS

IN this chapter, the expression "old age annuities" is used wherever the income during old age is purchased by contributions, solely or chiefly, from persons to receive the benefits, and the expression "old age pensions," wherever the income is solely or chiefly contributed by others.

Prior to acceptance of the proposition that it is desirable to provide for the old age of the working classes by means of pensions, instead of supporting them through the poor rates, three distinct methods of making this provision had grown up.

First, through friendly societies, in connection with their provisions for support during sickness. In many of these, incapacity due to old age has been treated precisely like any other sickness. In not a few the mere fact of having reached a certain age, such as seventy, has been treated as sickness. In other words, old age, with the permanent incapacity attending it, has been dealt with as if it were a sort of invalidity to be taken care of in the same manner. This course has been accompanied with serious consequences. Contributions of friendly and sickness insurance societies were at the outset usually kept down to current requirements, no effort being made to accumulate funds to cover increasing hazard for payments to be made because of sickness and invalidity benefits already incurred. In view of this, as has already been explained in the chapter on sickness insurance societies, most of these societies have been obliged to dissolve, and only by means of radical and even drastic revisions of rate tables have any of them been enabled to survive.

One of the chief causes for their difficulties has been the inclusion among the benefits provided of what practically amounted to old age pensions. How to supply such pensions by means of contributions in a voluntary society where there is no

compulsion upon young men to enter or to remain, the only inducements being the benefits they are to receive now or in the future, has been a problem. Plainly, an accumulating fund derived from the contributions of members up to the time when pensions become payable and thereafter diminishing as they are paid, until death relieves the society of such payment, is absolutely necessary. Yet this requirement is precisely what was not foreseen at the outset and what is even now most difficult for the societies to deal with. It is largely due to the fact that, in the opinion of workingmen, the demands upon their income to provide for present necessities, including protection against accident and disability by insurance, are of more immediate and pressing importance than provisions for old age. It will be found upon further consideration that this is not so true in Latin as in Germanic countries, including Great Britain, and that there are special reasons at work in certain of the former to cause an entirely different view to be taken.

The second method of caring for aged workingmen was by means of establishment or industry funds, created with the special object of providing for the retirement of employes who had continued with a particular establishment or in a particular industry until the age of seventy, sixty-five or even sixty. Though this is not always the case, these funds have frequently been founded after consultation with competent actuaries and, except for disappointments because of the smallness of membership, have been satisfactory; they have been solvent from the start and have been so maintained. As stated, there are exceptions to this. Funds have been established without any regard to what could be fairly expected in the way of benefits from the rates of contributions provided. Under such circumstances, benefits much larger than the fund could afford have been allowed those who first became claimants, with the result that it became insufficient to furnish surviving members such amounts as at the outset could have been secured to all.

Although it must be acknowledged that in some cases, particularly among bank employes, clergymen of a given denomination, railway employes, or the like, pension funds have accomplished great good and have done much to direct public

attention to the necessity for making provision of this character, the general experience in regard to such pension funds is unsatisfactory. The results have been summed up with accuracy by Henry W. Manly, F.I.A., F.F.A., one of the most distinguished actuaries of Great Britain, and the author of the most comprehensive study of this subject from a practical standpoint. His brief and pointed comments are given herewith.*

"Funds intended to provide a retiring allowance for the members of a staff, are started by employers with the very best intentions, but it is doubtful whether they have ever proved altogether satisfactory. They have the tendency to breed a discontented spirit amongst the employes, and in some cases have proved more costly to the employers than if they had created their own reserves and promised to give a guaranteed scale of superannuation for long and faithful service.

"The general principle is undoubtedly good, and morally sound in the abstract, but it takes no account of the weakness of human nature. The principle that everyone should make a provision for his old age is one which we shall all approve. To encourage this principle, the employer says to his employes:

"'If you will all consent to contribute a percentage of your salaries to create a Fund for providing pensions in your old age, I will subscribe an equal amount each year;' or, 'I will give you a sum down to start the Fund.' Sometimes he adds: 'and I will guarantee that the Fund shall be accumulated at a fixed rate of interest.' In this way he feels that he has acted the part of a philanthropist in encouraging thrift; he thinks that his staff will be more contented and settled, and are not likely to leave him when they have a stake in the Fund; and he has allayed an uneasy conscience which half recognized an unpleasant responsibility to help, in his old age, a man who has given him a lifelong service. The employe's view of the arrangement is very different. To him the contribution is a hardship and an obnoxious tax; and, although he gave his consent to subscribe, it was an agreement made under moral compulsion. What benefit will it be to him? He will never live to sixty-five! and, if he does, he is not going to stick in that firm all his life. He does not see why he should be taxed for the benefit of the old members of the staff, who will be retiring soon. The governors might at least raise their salaries to enable them to pay the tax. And if the employer does take a generous view of the case and raise their salaries, the contribution to the Fund does not cease to be a tax. It is always

* Manly, H. W.: Valuation of Staff Pension Funds. London. Page 7.

a tax, and is always very good excuse for asking for increase of salary.

"Now, where there is taxation, there should always be representation; and the staff are generally invited to elect representatives as managers of the Fund, the employers nominating the trustees and reserving to themselves certain powers. The men, starting with the idea that they are never likely to live to sixty-five, want to arrange to have their money back somehow. If they could have a pension at fifty or fifty-five, or even sixty, that might make a difference; but, even then, they would like to have their money back if they did not live to get a pension. This, then, is the kind of reasoning which takes place: Firstly, 'Suppose we leave the service, it would not be right or just that you should keep our subscriptions;' and it is agreed that, on leaving the service, the member's own subscriptions shall be returned to him without interest. Secondly, 'What is to happen if we die before reaching the pension age? My wife and family ought to have the benefit of the Fund;' and so it is agreed that in case of death before the pension age, the employer's and his own subscriptions shall be returned without interest, or his own subscriptions with compound interest shall be paid over, or both his own and his employer's subscriptions, with compound interest, shall be paid out. Thirdly, 'Suppose a man has to retire through ill-health before the pension age, what is to be done for him?' Well, he might be treated in the same way as if he died; or he may have his pension according to scale. Fourthly, 'But then, a man might die directly he reached the pension age, or after he has only received his pension for one year; it would not be fair to his family that all his subscriptions for a lifetime should be left in the Fund.' And so it is agreed that if a member dies before his pension receipts amount to what he has paid, the balance shall be paid to his family.

"The above are the principal provisions found in the Rules; and if they are not there already, you may be perfectly certain that they soon will be. Sometimes there will be a provision that no return is to be made if the member leaves the service within five years; and no retiring allowance until after ten years; and occasionally minimum and maximum pensions are fixed. The last is not a bad provision where there are one or two highly paid individuals whose contributions would provide but an insignificant portion of their pensions according to scale. The men are, as a rule, generously inclined towards those of their comrades who break down in the service, and will sometimes provide that if a man has to retire after 10 years' service it shall be counted as 15 for the purpose of calculating his pension; after 15 years he shall

be treated as if he had subscribed 17½ years, and so on. These I call excrescences, which must, as a rule, be dealt with separately.

"As to the scale of pension, it is always based on years of service, and generally on average salary, but sometimes on salary for the last year, or the average of the last three years. It is quite evident that all these numerous provisions for the return of contributions must decrease the pension which otherwise could be given."

These pension schemes range all the way from the most crass exploitation of employes on the part of employers, endeavoring to masquerade as humanitarians and altruists, to plans for "service pensions" which have involved the compensation of retired workingmen or other employes entirely out of funds given by the employer. Contributions by employers have varied from the mere payment of the cost of administering the fund with perhaps a guarantee of a certain rate of interest (operating sometimes as a cover to use the money in the employer's business), to the payment of the entire amount necessary to maintain it.

Such funds, especially in case of a "service pension," undoubtedly have great advantages. Even if employes have been permitted or required to contribute, these funds have, when broadly and generously applied, had the effect of encouraging habits of thrift and in some cases of causing a better understanding between employer and employes. It is obvious, however, that such a system reaches only a small percentage of the working population who live to old age, and even only a small percentage of those in the service of a given employer, since the vast majority of them leave his employment too early to obtain the benefits of such a provision.

The third method of providing for aged workingmen was as follows: In certain countries including Great Britain, France, Belgium, Holland, Denmark, Sweden, Italy and Spain, an opportunity has been offered by the government itself through government institutions, such as the post office or the post office savings bank, for any person to purchase, on favorable terms, an old age annuity, technically known as a deferred annuity. In Great Britain, the government has been offering such annuities for seventy-five years, private life insurance companies also offering them

on about the same terms. The result is that a large business has been transacted, but not to any great extent upon the lives of workingmen. These have turned to the friendly societies, purchasing this protection as one of the benefits, indistinguishably mingled as to cost, as we have seen, with sickness and invalidity insurance.

In Denmark there has been not only an increase in life annuities purchased from the state, but also a larger development than in any country of survivorship annuities, payable to the wife upon the death of the husband, or vice versa, or to children upon the death of a parent. These, however, have been bought chiefly by the well-to-do and members of the middle class. The purchase of such annuities in other Scandinavian countries has not been so great. In Norway, it is chiefly confined to retired members of the civil service. In France, as in most Latin countries and those influenced by Latin civilization, the increase of annuities has been much greater, particularly among small proprietors, employes in stores and offices, government employes and the like; but in spite of every encouragement, this form of provision for old age has not been as largely utilized by workingmen as had been hoped. The large development in France is attributable perhaps, to three things:

(1) To the extraordinary thrift of the French people and especially of the middle classes.

(2) To the system of "dots" or marriage portions and to the limitation of families. Children are well provided for at the time of marriage, with the result that the demand for life insurance is less than in Germanic, Scandinavian and Anglo-Saxon countries.

(3) To assistance given by the government, which has encouraged the purchase of old age pensions in two ways, namely: (a) By offering rates so low that they are actually at cost and possibly somewhat below cost, being computed at a more liberal rate of interest than the government is required to pay on its bonds. In other words, the government is making a liberal subvention to purchasers of old age annuities by allowing a higher rate of interest than it needs to pay upon borrowed money, and by using a mortality table which results in a considerable additional loss. (b) By offering a still higher rate

of interest upon funds deposited with it by mutual insurance societies, to be applied to the purchase of old age annuities. A better bargain can be obtained for an individual through mutual societies than by purchasing an annuity from the government directly. When the designated age is attained, the sum deposited with the society with its larger accumulations, is applied by the government to furnish an immediate annuity. French parents of the middle class, having been freed by the "dot" or marriage portion system, supplemented by savings bank accumulations and the like, from the necessity of making a considerable expenditure for life insurance, consider themselves bound, as a means of preserving dignified independence, to provide for their own support during old age.

To these three methods must be added a variation introduced by the German government as an extension of its systems of workingmen's insurance. It consists in making, as do friendly societies, provision for old age a component part of a guarantee against invalidity. Thus, the German invalidity insurance system, requiring equal contributions by employes and employers, supplemented by an annual subvention from the government, covers permanent invalidity up to the age of seventy and pays an annuity from that time on, whether the insured is physically disabled or not.

The German system is, therefore, about half way between an "annuity" and a "pension" system. It is neither a pure assessment plan, under which only enough is currently collected to meet present demands for instalments of invalidity and old age pensions, nor a "capitalized system" under which the current contributions are sufficient to set up "present" or "capitalized" values of invalidity or old age annuities at the time liability is incurred. It is sometimes called an "average premium" system under which, according to the computations of government statisticians and actuaries, it is believed that the rate of contribution can be maintained with reasonable uniformity. It really depends for its sufficiency upon the fact that, at the minimum age, workingmen are compelled to enter as contributors to the fund. It aims to establish a rate from the outset, nearly the same as would be attained under the assessment system by the

time the youngest contributor, admitted at its organization, had reached the age of seventy, when there would, of course, be represented among the claimants against the fund, members of successive generations. This would give a reasonably stable average of claims and contributions.

The chief objection which has been urged against the German invalidity insurance system, as now administered, namely, too severe scrutiny of the merits of claims, cannot be brought, with the same force, against that portion of the system which administers old age annuities, for the reason that the granting of annuities after one has attained the age of seventy is not subject to proof of actual invalidity.

Employers and property owners object that, under the above scheme, because it is not purely an assessment plan, a large fund accumulates which, though it is not sufficient to meet the requirements of a voluntary scheme, calling for setting up "present" or "capitalized" values, is, nevertheless, large enough to divert enormous sums from the usual channels of industry into special investments. These are often of a comparatively unprofitable character, selected with regard to safety only, or to forward government projects without any reference to remunerative returns. For instance, as explained elsewhere, funds are invested in the construction of sanatoria or in loans towards building model apartments or homes, the latter to be sold to workingmen on weekly or monthly payments through the intermediary of companies organized for the purpose.

It is not charged that these investments have so far proved unwise or that the principal and interest have not been amply secured. The objection raised by employers accustomed to an assessment system in accident insurance associations with its minimum of accumulation, is that a large portion of their contributions were not required and could have been left in their hands for business purposes; also, that if similar sums had not been collected from workingmen, they would have found their way into the usual channels of business, creating a wider market in proportion to increased purchasing power. These objections, however, are disappearing as the plan continues in operation, and are losing their validity because, even under an

assessment system, the outlay would have approached the present cost and the income on investments is somewhat reducing it.

There are, then, four methods by which, under an insurance system, old age annuities may be furnished on an obligatory basis by means of the contributions of persons who are to become recipients if they survive a given age:

First, the purely assessment system, under which, as in the German mutual associations of employers for insurance against liability for industrial accidents, contributions would be called for, sufficient in amount only to cover the sums currently paid to annuitants, no effort being made to set up capitalized values. Under this system the cost would be very low at the outset, and after contributors who entered at the youngest age had reached the period at which the annuity became payable, would attain a maximum and presumably an equilibrium. This precise method is not in use in any country.

Second, the capitalized value method, under which contributions would be collected sufficient to set up capitalized values for each annuity at the date it becomes a liability. This would call either for supplying only fractional annuities to those of the present generation who would not have contributed throughout the full term, or else for larger premiums graded according to the age at which they began their payments, and sufficient to provide their respective annuities.

Third, the "average premium" method actually adopted in Germany, under which the premium, fixed approximately at the same figure for all ages of entry, will suffice, it is believed, to furnish annuities permanently after a maximum expenditure per contributor has been reached. Under this plan a certain minimum number of contributions is required from each beneficiary in default of which no annuity is paid.

Fourth, a method under which each future beneficiary would be required to make approximately the contribution which would be necessary for the youngest age, this sum to be paid throughout the entire term. If, under a capitalized value method, funds were not expected to earn interest, such entire contributions could be applied at once and constantly to give the full annuity to all now over the age of seventy, and to all who

hereafter reach the age of seventy, without regard to whether they have paid the maximum amount in contributions or not. Under such a system the element of security furnished by the promise of the government to maintain the factor of compulsion takes the place of the reserve which would have accumulated out of payments actually made, had not a portion of the contributions been applied toward granting benefits to persons who had not fully contributed to secure them.

Systems of old age annuities or pensions of a contributory type are now under consideration in several countries, notably Austria, Sweden and Norway. In France such a plan, applying to all wage-earners and supplementing the old age pension law already in force, became law in 1910. This is all the more significant in view of the fact that the German contributory system does not at first appeal strongly, since payment of benefits is long deferred and the advantages are not as apparent as under an old age pension plan, examples of which are now to be found in Denmark and Great Britain. Benefits so deferred fail to appeal to a nation in much the same way that they fail to appeal to individuals.

In Austria, Sweden and Norway preliminary steps have been taken toward instituting a system either of old age annuities or pensions, and commissions have studied the subject or are now investigating it. Doubtless, the scheme ultimately to be adopted will be influenced by what has already been done, or may in the meantime be inaugurated in other branches of obligatory insurance. At the present time, Austria has in force systems of obligatory insurance similar to those in Germany, covering everything except old age and invalidity. It seems probable, therefore, that the next step will be to adopt an old age annuity system similar to that of Germany, the one change being the possibility that Austria will go further in setting up sufficient capitalized values or reserves.* At the same time the one departure made in Austria from the German plan of mutual associations of employers, provided for the setting up of capitalized values. This, as has already been stated, has not, however, worked out satisfactorily in practice. Nevertheless, if any great

* See Chapter XVIII, The Reform Project in Austria, page 414.

change is made from the German pension system, Austria is likely to go further in setting up capitalized values.

In Norway, two able actuaries who are members of the committee investigating the subject, are strongly in favor of modeling their system strictly upon the capitalized value basis, so that it could stand alone, and be entirely solvent even though compulsion were abandoned. It will be remembered that this is precisely what has been done in Norway in the matter of the insurance of employers against liability for accidents, this being compulsory and in a state department that maintains the full reserves required to set up capitalized values. Should this system therefore be adopted in Norway, no person would receive the maximum annuity until those who entered at an age sufficiently young to enable them to make the requisite maximum number of payments reach the age at which their annuities should begin. All who at the time the act would take effect were of a higher age than this, would receive a reduced amount per annum. This portion of the report of the committee has not been adopted.

In Sweden, where no obligatory insurance of any kind has yet been introduced, the nature of the report of the committee, which has not yet been rendered, is even more problematical. A large fund has been accumulated by the government for the purpose of enabling an old age annuity or pension plan to be instituted and for increasing the benefits which will be derived solely from contributions. The two things done by the government in Sweden to encourage the insurance of workingmen, namely, the granting of subsidies to sickness insurance societies, and the establishing of a state department for insurance against accident liability of such employers as choose to patronize it, afford little material upon which to venture a forecast of the probable nature of the forthcoming report. The accumulation of a large fund in advance, however, indicates that some kind of subsidy or subvention, even if the system should be obligatory, is intended. This might take the form, as in Germany, of an additional sum added by the government to the annuity purchased by contributions of the beneficiary, or may indicate the government's intention to supplement the amount for those of the present generation, who, when they reach the age at which annui-

ties begin, will not have made the required number of contributions.

The only country, therefore, which at the present time has in actual operation a system of obligatory insurance against old age, is Germany, though the system France has recently adopted is, on the whole, similar. The German plan, as has been said, is neither purely a pension nor an old age annuity system, since contributions are required from both employes and employers in an equal amount; and these sums are supplemented by the addition to the pension of 50 marks ($12.50) per annum, from the government. It is, of course, argued that payments made by employers are, as in other forms of workingmen's insurance, intended to cover the "occupation" hazard, and are justified in principle, as far as the invalidity or total and permanent disability benefit is concerned, if not as regards the amount of contribution required. Although such benefit is only for invalidity caused by sickness (provision for support during disability caused by accident being made by employers through compulsory insurance against their liability), it is doubtless true that many total and permanent disablements are due to occupational diseases. So far as old age annuities are concerned, however, arguments are not so convincing because survival to an advanced age would indicate, rather, that the occupation had conduced to longevity.

Yet employers in all countries have been more disposed to contribute toward and to encourage annuity or pension plans, than plans of insurance against accident or sickness. This disposition, however, has been confined to making provision for support, during old age, of persons who had been in their employment a long time, and who had reached the required age. This has been due chiefly to two sentiments: to a desire to retire old employes for the good of the service, without doing them the injustice of leaving them without means of subsistence; and to sentiments of humanity and appreciation of faithful service during a long period. This would have no application, however, to persons who had left their employment long before reaching old age; and there are few cases, if any, where employers have been willing that payments into such a fund made by them should be withdrawn by employes upon leaving.

It is therefore difficult to classify the German system, so far as the old age provision is concerned, either as an old age annuity or a pension system. It is, however, unquestionably an insurance system, under which persons who may receive benefits pay premiums. The remaining amount necessary, with the exception of the relatively small sum added by the state, is contributed by employers who subscribe to other forms of insurance for their employes as well.

Denmark for fifteen years past, and France and England for the brief period of only four and two years, respectively, have been making use of a system of old age pensions, pure and simple. This is also the case in Australia and New Zealand. The system differs from the old age annuity or even old age insurance system in that the pensions are not in any sense purchased, contributions to furnish them being levied against the public at large in the form of general or special taxes. In order to receive the pension, it is necessary that the beneficiary should not be in receipt of an income in excess of a certain amount named in the respective laws. The last mentioned feature might conceivably be incorporated into an insurance system, and especially a system such as the fourth in the category described above, where the contributions are deemed a "consideration" for an old age annuity and do not necessarily go to constitute a fund from which they arise. This is possible because it is entirely feasible for an insurance system to cover not merely the risk of surviving beyond the given age, but the risk of surviving coupled with the risk of having failed to accumulate property sufficient to provide a certain minimum income. Indeed it must be conceded that any system of old age annuities or pensions is not entirely comprehensive, in the sense that every member of the community who reaches old age without some other adequate provision for maintenance will be supported, unless it does cover this hazard as to members of the community who may not be wage-earners during any part of their lives.

Unquestionably, considerations such as these have compelled the countries mentioned to introduce old age pension systems which in reality are substitutes for old age relief systems, since they differ from the latter chiefly in the absence of stigma

attaching to the beneficiary and in the fixed character of the benefits to be paid. The sources from which these are obtained are practically the same as before; that is, they are general or special taxes, neither contributed through nor by the persons who are to receive the benefits, nor by those of the class in which most of the persons who will receive these benefits in the future are to be found.

In Denmark, for instance, prior to the introduction of the old age pension system, relief of the indigent aged had been by an outdoor relief system. The chief difference between the old age pension and the relief system, which was previously universally in use, is that old age pensions are not given if one has been in receipt of charity during a certain period, or has been convicted of a crime. Receipt of an old age pension, moreover, does not impose civil disabilities. It is probable also, that there are not such frequent reinvestigations of the financial condition of the recipient of old age pensions, although reinvestigations are made if suspicion is entertained that the pensioner possesses a larger income than was originally claimed. The recipient of poor relief, however, may be deprived of his dole if there are relatives who should be charged with his support. This cannot happen to a pensioner.

About the same principles are applied in all other countries which have adopted the old age pension system. Because of the fact that almost all the funds are raised by taxing the more prosperous and are, therefore, only very indirectly contributed, if at all, by persons likely to become pensioners, and because pensions are paid only to aged indigent persons, it is hardly to be considered a system of workingmen's insurance, even when the term is stretched to its utmost meaning.

It is not unlikely that a scheme such as this, where there is no connection whatever between the contributions and benefits to be received, would discourage habits of thrift and providence, encourage idleness, and weaken the sense of responsibility. To what extent this has been the case, if true, cannot yet be determined. The language of the various laws betrays the expectation of the legislators that such results would follow. At least they assume that some persons about to reach the age at

which the pension could be claimed might, in case their income from other sources was small, seek to conceal their property or even to transfer it to relatives in order to become entitled to the pension. The administration of old age pension laws has shown that such fears were not groundless.

What insidious effect such a system may have upon the disposition to save, extending even to the youngest ages, can only be guessed. While there may not be strong realization among working people of the necessity for providing for old age, the accumulation of large funds in savings banks and other savings institutions shows the development of the thrift sense. Probably habits of thrift are matters of heredity, of natural disposition and early training. The strongest incentive to save, aside from this natural disposition, is perhaps found in the desire to acquire the conveniences and advantages which come from owning property and to provide for and educate children. It cannot be questioned that a very strong motive to providence and economy disappears when there is no longer an incentive to save money in order to avoid becoming an object of charity in old age.

In Denmark, where the old age pension system, admittedly as an extension of outdoor relief, has been in use for a considerable period, as well as in New Zealand and Australia, where the same has been the case, no such painstaking investigation has been made, or perhaps is possible, as would definitely determine the question. In Denmark, as in the other countries mentioned, thrift has, nevertheless, constantly increased, as is evidenced by deposits in savings banks and similar institutions. It would be dangerous, notwithstanding, to conclude that the increase would not have been greater, had the additional incentive to save for old age been present. In England and France, the system has been too recently inaugurated to enable any definite conclusions to be arrived at, except that the cost to the state for old age pensions is rapidly increasing. The results of the experiments in the first country point, however, to the development of a compulsory, contributive insurance in regard to invalidity before the age of seventy; and France has already supplemented her pension law with a contributory system after the German model which applies to all wage-earners. This, as has been said, will greatly relieve the

pressure from the old age pensioners.* A well-defined fear is found to exist in England among those who are managing the friendly societies, which furnish among other benefits, old age annuities, that the granting of pensions by the state on a non-contributory basis will greatly diminish the incentive to join these societies. This, they say, would thereby discourage not only saving for old age, but also efforts to provide protection against sickness and invalidity, and burial benefits. Representatives of one of the largest affiliated orders stated that the Old Age Pension Law would sound the death knell of the friendly societies in Great Britain.

The argument usually advanced, by those who consider that the non-contributory system of old age pensions is justifiable, is as follows: The right of a man to be sustained during sickness, whether caused by accident or disease, and during infirmity, or permanent total or partial disablement, depends primarily upon his having paid a fully equivalent consideration for it to an insurance fund. He should not be entitled to benefit unless he makes these contributions, the two being united as cause and effect. In such case there is the constant incentive to make the payments, since the exigency may arise at any moment which will change a contributor into a participant in the benefits. Provision for old age is different, because the right of old people, in view of the certainty of the incapacity of old age, is based upon services rendered in the past and upon contributions of the most varied character to all forms of social and community prosperity. In other words, a benefit of this character, which under a voluntary insurance system at least can only be supplied by means of the accumulation of funds through long periods, should not be subject to defeat by any contingency whatever, except criminal conduct or pauperization, but should be secured by the mere fact of survival. The idea is that the pension is a deferred and contingent additional compensation for past services, like the service pensions granted by employers.

In countries in which this system has been introduced, there is apparently little complaint against it on the part of the public. This is doubtless due to the fact that, for the most part, it

* See page 285.

is merely a shifting of a burden from one form to another, the burden being the support of the aged indigent, which is not neglected in any civilized country, and the change of form being from relief called charity to relief called pensions. There is doubtless some added cost, and likewise a disposition in the community, after the cost has been counted, to consider that the additional expense is justified by the benefits. The main reason for the popularity of this system, however, it is believed, is its comprehensiveness and its immediate availability; it applies to all deserving persons who are old and in want and it applies at once, whereas the only insurance system with which it has competed fulfills neither of these requirements.

It is not impossible, however, that if the fourth method of insurance described above were adopted and the surplus contributions were devoted in the early years to caring for those already old, instead of being accumulated, it might achieve these desirable ends and be subject to none of the perils of the pension system. It would have the advantage that each young contributor, while by no means accumulating a fund for his own old age, would be paying a proper financial "consideration" for his future support. If this is done, it is perhaps of little importance to what use the state devotes the money, provided the security paid for is guaranteed. Compulsion, if persisted in, may assure the payment of the annuity as certainly as would a reserve.

It would not be proper to close this discussion of the subject without adding that in all the chief countries of Europe some system of service pensions has been introduced by the government in connection with all or most of its civil service employes. It preceded the laws for old age pensions, and was based upon the theory that the employer in this manner would secure the best, most faithful and most reliable service, that it was profitable and wise to defer some part of the consideration for labor performed, to be paid in this manner instead of in current wages; and that by paying such pensions, employes who by reason of age and incapacity are not able to give full service, can be dismissed without complaining of unfair treatment.

XIII

PENSIONS TO WIDOWS AND ORPHANS

IN Great Britain, about 150 years ago, or soon after it was found practical to furnish life insurance at all, there was a rage for the organization of societies to provide benefits for widows, payable periodically during their widowhood and purchased by contributions made by their husbands while alive.

This was a peculiarly insidious form of assessment insurance. At first the cost was almost nothing, because a society would run for several months, or even for a year, without having any deaths whatever. If a few deaths occurred, the cost was still exceedingly light, as only enough was collected from members to pay the pensions then falling due. The expense, however, steadily increased and in a young society was being constantly shifted to the shoulders of those who came in later. The first members, it is plain, paid nothing like a fair equivalent for the insurance which was provided, taking into account the length of time during which the benefits might have to be furnished their widows. On the other hand, those who came in later paid much more than the fair equivalent, most of their contributions being absorbed to pay pensions to widows of former members. The matter might not have become crucial, had it not been that because of insufficient reserves, members were not securing reliable protection for their widows, the sole assurance of permanency depending upon a constant influx of new members. As young men preferred to join societies just starting at a lower temporary cost, the older societies languished and died and the new societies, growing old in turn, repeated the same history of false hopes and bitter disappointments.

The spread and popularity of this form of insurance, with its deceptive cheapness of cost, caused the writing of a series of

essays which made Dr. Richard Price famous a century and a half ago and resulted in the construction of the Northampton mortality table and in the discovery and elucidation of the principles of valuation.

The very first work which Dr. Price accomplished was to demonstrate the fundamental unsoundness and misleading nature of these plans of insurance, and that their uniformly disastrous career was not an accident but the natural consequence of the faults of the plan. This he did so conclusively that the support of philanthropic persons, such as the clergy and the country gentry, which had previously been accorded these organizations, was largely withdrawn. A powerful impetus was given to legislation which resulted later in the Friendly Societies Act, providing for valuation and registration of such societies.

Notwithstanding this exposure in Great Britain, the widows' pension notion has been recently brought forward by a large mercantile house in London through a sort of "trading stamp" pension scheme, in connection with the sale of tea, and its unsoundness on the assessment or on any similar plan has been demonstrated anew in practice. It has also been revived occasionally in the United States. Here, some ten or fifteen years ago, the scheme was attempted in Georgia and was followed by incursions into surrounding states, and the establishment of several societies' more recently in Illinois, the latest of which has just succumbed. There have been similar attempts in other countries. In most of them, at the present time, the law discourages or even prohibits such forms of insurance, except in connection with the purchase of annuities from the government or upon plans which offer assurance of permanency based on adequate rates and valuation.

In nearly all countries attempts have been made to popularize "survivorship annuities" as they are known, in connection with the regular insurance companies. These annuities are not made payable merely during the widowhood but also during the entire after lifetime of the widow. That is to say, they are not terminable upon her re-marriage. While such annuities have been sold everywhere they have had no great development except in Denmark where the "Statsanstalt for Livsforsikring," already referred to, has transacted a phenomenally large business. Even

in Denmark, while the amount of business is large, so that it has been possible to investigate with much success the mortality among surviving widows, it in no way compares with the volume of life insurance in force in that country.

In France and Belgium, where a large business in widows' annuities has been transacted by state departments, the proportion of these annuities, which are contingent in form, is also found to be very small, although perhaps increasing in importance. These are likewise not dependent upon re-marriage.

Mutual friendly societies, organized in France to furnish annuities by means of deposits with the government to be applied to their purchase, and, in Belgium, to purchase annuities directly from the government at a material reduction from the usual price of the same, have shown that no marked tendency exists to purchase contingent annuities. The experience in Sweden is much the same.

In all these countries the purchase of "last survivor" annuities is not infrequent. This annuity, paid for not by current premiums during the lifetime of the husband, but usually by a single premium, and made payable to the husband and wife, furnishes an income from the moment of purchase until the last survivor dies. Both of these forms of annuities are sold likewise by stock companies. In most countries these latter have been able to compete on favorable terms with government departments, even though the latter possess the advantage of having their expenses defrayed out of general taxes. Private companies cannot compete where higher rates of interest than can safely be realized on investments are guaranteed by the government, or where some other method of direct subvention is employed. This is rarely done except as a special feature available for workingmen only, and is introduced in order to make annuities attractive to them.

The establishment funds or societies composed of the employes of a particular firm or company very frequently provide for survivorship annuities. This is true, likewise, of societies formed among the employes of different firms or companies engaged in the same general lines of business, such as, for instance, banks or insurance companies. Among the clergy of certain churches, widows' funds have been established for the direct

purpose of furnishing a pension during widowhood. Originally these funds were without any actuarial or sound financial basis, and, notwithstanding large contributions made to them by employers or others interested in maintaining them, independent of the contributions of members, many failed and others were compelled, as a result of bitter experience, to reduce their benefits. In recent years, however, many of them have been valued, and contributions and benefits readjusted upon a business basis.

A provision for the protection of widows is usually found in connection with pension or establishment funds. These are primarily formed for the purpose of securing to members old age retirement, or invalidity pensions, or both. It is but natural, however, that when such societies are organized, there should soon be a tendency to amplify the plans and purposes so as to include protection for the widows of members similar to that which has been secured for members themselves. While many of these funds also were, or still are, upon an unsound basis, they have submitted in recent years to re-valuation and to the introduction of improved business methods. Especially is it the case where these establishment funds cover benefits during disability and are utilized, as in Great Britain, to provide compensation insurance under the workmen's compensation acts, that periodical valuation and adequacy of rates are enforced by statute.

With the exception of the occasional requirement, in connection with establishment funds, that all employes are expected to continue members of such funds, none of the foregoing has reference to obligatory insurance plans. It is obvious at the outset, that the same principles in regard to solvency do not necessarily apply where membership is obligatory. Thus, where all the young and healthy workingmen are required to become members, and where, as rapidly as they reach a certain minimum age, all those of future generations are required in turn to become members, the peril which attended the assessment plan is neutralized by the compulsion. Under such an obligatory system it is no longer possible for members to leave the society except by abandoning the ranks of wage-earners altogether, or for them to remain outside except by failing to

become wage-earners. Therefore, when the number of widows drawing pensions has once reached the proportion normal to the general population, and a reasonably stable equilibrium of cost been realized thereby, each member will be paying on the whole his fair proportion thereof, and securing for the consideration of this payment the absolute protection to which he is entitled.

This is true, likewise, even though the contribution be levied upon unmarried as well as upon married men,—in other words, even though it be levied upon the entire working population,—for the reason that in such case the combined probabilities of marriage and death and leaving a widow would enter into and reduce the cost. By ascertaining and charging the fair average rate for each age from the start, it would be possible to set up reserves precisely as would be the case under a voluntary system, including the full capitalized value of all widows' pensions from the moment they become payable. This would have the disadvantage, however, that it would be necessary to charge the present generation as many different rates as there are ages; it would also, perhaps, by its heterogeneous nature, introduce the question as to why unmarried persons should contribute at all, and it would render the administration so complex and complicated that it would inevitably be uneconomical.

After the present generation had passed away, the net result would be that all, having been admitted at the youngest age, would theoretically be paying the same rate. Practically, there might still be a considerable variety of rates of premiums due to some workingmen entering the ranks of wage-earners at higher ages than others. Under such a system this minimum premium for the earliest age would, by reason of the assumption that reserves will be established and maintained and that they will earn interest, be lower than the ultimate assessment rate under the plan previously described, after it reaches its equilibrium. If under a compulsory system, this full assessment rate were charged all the present generation, the society instead of having in hand only enough from year to year to meet the requirements in benefits to widows of members who had themselves contributed, would possess for the time a considerable surplus, the amount

of excess contributions, however, steadily diminishing as the period approached when the equilibrium of assessments would be reached. The amount of surplus so accumulated would not, however, be equal to the aggregate reserves created, were every member charged the proper level rate for his age at the time he became a member, and if capitalized values for all annuities were set up immediately upon the death of the husband. It is obvious upon considering the nature of this system that if from the beginning a rate is charged which under the assessment plan is reached when the assessment attains its equilibrium, there will be enough income from the moment of the introduction of the compulsory system to enable similar annuities to be supplied immediately to the widows of the workingmen already dead, who have not contributed but would have done so had a similar scheme been in force when they were living.

This method, which would be much like the granting of old age pensions in Denmark, Belgium, France, New Zealand, Australia and Great Britain, would have the advantage that it would from the very introduction of the plan provide for dependent widows. Its apparent disadvantage, that it is giving the benefits of insurance where none were paid for, is in fact, not different in principle from furnishing benefits after the assessment rate has reached its equilibrium to widows of members who previously had not fully paid the fair value of the protection thus guaranteed, but who have escaped part of it through an increasing system of assessments covering only the annuity payments falling due in the current year. In equity it differs only in degree from the conditions obtaining in the cases of those members who, when the widows' pension system goes into effect, are ailing or aged and reasonably certain in a short time to be dead. In other words, the assessment system is fundamentally inequitable until the equilibrium has been fully attained.

What disposal is made of the assessments levied if no member is paying more than the fair equivalent in value of the benefits of his insurance, may be considered as follows: Ought the surplus payments made by him to be reserved for his own protection? The answer to this, under a voluntary system, is "Yes"; if this is not done his protection will probably prove

to be delusive. Under a compulsory system the answer is not necessarily "Yes." If, by reason of the compulsion, the certainty of receiving the benefits which he is paying for is attained, he is only concerned with what disposal is made of his surplus payments, because of reductions in the cost which might result from investing them and applying the interest to reduce his payments.

It is now proposed* by the German government to extend its system of obligatory insurance to the protection of widows and orphans, benefits to be paid to the widow only during her widowhood and in case her income from property or otherwise is less than a certain sum, and to be paid to orphans only until their fifteenth year. Under this system, it is proposed that half the cost in excess of the government subvention be charged to employers and half to workingmen. Contributions are to be required from every wage-earner, whether married or single, male or female, the idea being that, as to unmarried men, the contribution provides for a surviving widow or children in the event of future marriage. As to unmarried women, they can well afford to make contributions, in view of the fact that these benefits will be directly payable to them and to their children, if they marry and bear children. Of course, the chief consideration which moves the government to levy contributions upon all of these mentioned is that it lessens the cost to each and makes it more endurable; and, undoubtedly, the chief secondary consideration is that it simplifies the method of administration, the charge being uniform upon all instead of varying in amount, and certain classes being exempted from payment.

It is significant that, notwithstanding that contributions from the husband are to be compulsory, benefits are not to be paid when the widow from any source enjoys an income beyond a certain amount. This system has considerable similarity, therefore, to poor relief. But it is argued that the measure of compulsory or obligatory insurance should be what is equitably required, upon the sound theory that it is the duty of the state and its citizens to provide against the destruction or pauperization of families, and that when this duty has been performed there is no further call for the imposition of a larger tax upon its citizens.

* See Reform Project in Germany, page 406.

It is also pointed out that, by reason of this limitation, the cost to each is greatly reduced and that the contributions are fair, taking into account all the chances; for a member is really paying the cost of protection against the combined hazard of marriage and in case of death of leaving a widow or orphans or both, the widow not being in the enjoyment of an income of more than a given amount. It is, obviously, quite as possible to have a rate of premium covering these combined probabilities which is fair on the whole, as to have a larger rate of premium covering some of them only, such a one for instance as would prevail if the condition as to maximum income from other sources were omitted.

It is common under all systems of widows' pensions, where the latter is to stop upon re-marriage, to provide some special benefit payable at the time of re-marriage, both as a compensation for the loss of the pension, and also chiefly as a special inducement thus to relieve the fund. This special benefit is frequently fixed at from one to three years' annuities, paid in one lump sum at the time of re-marriage.

In connection with widows' pensions a considerable body of statistics has been accumulated concerning the rates of remarriage, which latter appears to depend upon the age of the widow and the duration of her widowhood. Such tables have been compiled in Great Britain, from the records of widows' funds and from other sources. A great variation is found in the rates of re-marriage among widows whose husbands were of different classes, as for instance, clergymen, bank clerks, railway employes, civil service employes, etc. There is abundant evidence that it is considerably less when the widow is in receipt of a pension, as then no financial necessity exists for her re-marriage, but rather the contrary, since she suffers a distinct financial loss if she does.

Three sorts of moral hazard must be looked out for when widows' pensions are provided on a voluntary system:

First, the moral hazard that an old member, soon to die, may marry a young and healthy widow, either with the direct purpose of providing her with a pension or because he has been inveigled into such a marriage without a clear appreciation of what it signifies.

Second, that investigation should be made, not merely of the health of the member but also of the age and health of his wife and the number of children already in existence, since need exists for discrimination in rates with direct relation to these matters.

Third, that in event of second marriage, that is, the remarriage of the husband if the wife who was living at the time he insured, or whom he married after being insured, shall have died, it is usually wise either to provide for a readjustment of the rate or to have the insurance cease entirely upon the death of the first wife, requiring a new application and re-rating if the member desires to insure again.

Of course none of these need be specially provided for when the insurance is obligatory; and it is fortunate that it is not then necessary because it would not be practicable to exercise such discrimination, without so increasing the expense of administration that the economy of the obligatory system would to a large degree be lost.

XIV

INSURANCE AGAINST INVALIDITY AND OLD AGE IN VARIOUS COUNTRIES

GREAT BRITAIN

VARIOUS plans to provide old age pensions have from time to time occupied the attention of British statesmen for at least a century. As early as 1833 a department for the sale of government annuities was established, in the National Debt Office, the maximum amount upon any one life being £20 ($97.40) per annum, later increased to £100 ($487). In 1864, also, the Postal Savings Bank undertook to furnish annuities up to £100. The results of these attempts have not been encouraging so far as solving the general problem; in the 25 years between 1865 and 1890, only 21,000 such annuities were written and these chiefly to persons of the middle class.

In addition to the government agencies, there have been the regular life insurance companies, and as has been noticed in a previous chapter, some friendly societies in which deferred annuities might be purchased. At best, however, but a small proportion of workingmen have been protected in this manner. To them, old age after a life of toil has brought only dependence and perhaps pauper relief. Accordingly, when the German law of 1884 went into effect, attention in Great Britain was turned to this branch of workingmen's insurance, and in the following year a parliamentary commission was appointed to inquire into it.

Two years later, the commission reported that administrative difficulties were too great to be overcome, and proposed that the government drop the question of compulsory insurance against old age. In spite of this rebuff those in favor of old age pensions continued to keep the question alive. Their suggestions took three distinct forms: (1) the establishment of compulsory contributions to a fund for old age pensions; (2) voluntary insurance encouraged by government subsidy; (3) a combined pension, sickness,

and invalidity government department to be supported by taxation. Mr. Charles Booth, the eminent sociologist, was greatly interested in this movement. He suggested that every man, rich and poor alike, should receive from the age of sixty-five until his death, a pension from the government of five shillings ($1.20) a week. According to his calculation the annual cost would be £24,500,000 ($119,315,000), which should be raised by an addition to the income tax.

A second commission was appointed by Gladstone in 1893. The results were negative. Other attempts were made, from time to time, but nothing was accomplished until 1900 when a departmental commission made proposals which later became law. It was estimated that in 1907 there would be 665,000 persons eligible to pensions on this basis which would call for expenditure of £10,300,000 ($50,161,000) per annum.

In May, 1907, a bill was introduced providing that from January, 1908, every wage-earner over seventy-five years of age should receive five shillings ($1.20) a week, the age limit to descend to seventy in 1909 and sixty-five in 1910, the government to pay nine-tenths and workingmen to contribute one-tenth of the necessary amount. Chancellor of the Exchequer Asquith in 1907 recommended that the surplus of every year's budget should be put into a fund until it reached £10,000,000 ($48,700,000) to set old age pensions going. Early in 1908, Mr. Asquith, who in the meantime had become premier, brought in a bill which changed some parts of his previous proposal and provided for the granting of pensions that year. This bill was introduced into the House of Commons July, 1908, and was passed by the overwhelming vote of 417 to 29. It thus became a national and not a partisan measure. It later passed the House of Lords and became a law.

The scheme is non-contributory. It provides that all over seventy years of age who have been British subjects for at least 20 years, have not received poor relief and have done what they could to support their families, are entitled to pensions. Persons who have been in prison during the preceding ten years are not eligible; nor are those whose annual incomes exceed £31 10s. ($153.41). Should any person deprive himself of income or property in order to qualify, the income or property so disposed

of shall be taken as still his own. Fraud of any kind is punishable with severe penalties, and few loop-holes are left.

Pensions are paid out of funds raised by general taxation, no contributions on the part of workingmen being required. Sums received vary with the income of the pensioner, the aggregate of his income and his pension not to exceed 13 shillings ($3.12) a week. The following table illustrates amounts allowed under the various conditions.

TABLE 112.—AMOUNTS ALLOWED UNDER OLD AGE PENSION ACT, GREAT BRITAIN

With Annual Income	*Weekly Pension (Shillings)*
Not exceeding £21	5
From £21 to £23 12s. 6d.	4
From £23 12s. 6d. to £26 5s.	3
From £26 5s. to £28 17s. 6d.	2
From £28 17s. 6d. to £31 10s.	1
Exceeding £31 10s.	No pension allowed

The method of administration is of interest. The central authority is the Local Government Board, all pension officers being appointed by the Treasury. A local pension committee, however, is appointed by the council of the district or county for every borough and urban district. Claims are adjudicated by the local pension committee and appointed pension officers; but there is a right of appeal to the central authority. Pensions are paid weekly in advance and are inalienable and non-assignable, exempt from being taken in bankruptcy or under execution. It was estimated that 572,000 persons would be in receipt of state pensions in the financial year 1908–9, and that the cost for the year would be £7,500,000 ($36,525,000).

NORWAY

It will be recalled that the Norwegian Commission of 1907* among its various duties had to report on a plan for old age pensions. This part of its report has not as yet been enacted into law. The scheme recommended is compulsory for all individuals

*See page 184.

irrespective of income, the pension to begin at the age of seventy. The cost would fall upon the communes, the state, and the insured, the employer bearing no part. Contributions of women would be paid by those upon whom they depend. By contributing to the pension fund, communes would be relieved in part of their poor rates, and so very likely be more careful in investigating cases of distress. The state would be expected to bear the expense of management. To meet this expenditure, the government, for a number of years, has been laying aside part of the excise tax. This fund now amounts to 14,500,000 crowns ($3,915,000).

The plan is to collect premiums from the insured through the communes, together with the taxes. One of the most influential members of the commission, however, is in favor of collecting through the employer by means of a stamp system and deductions from wages. In this way the employe would be more impressed with the fact of his being insured and would be encouraged in his sense of thrift.

There already exists in Norway what is known as the "Enkekasse" or Widow's Fund. This is an old state institution for granting pensions to the widows of state officials including all branches of the civil and military service, as well as retirement pensions for these officers themselves. In 1906 this fund had assets of nearly 18,000,000 crowns ($4,860,000). For the years 1903–06 there was an average yearly income of 1,120,923 crowns ($302,649) and an average disbursement of 656,306 crowns ($177,203) for pensions and life insurance; 49,200 crowns ($13,284) for administration expenses; 351,888 crowns ($95,000) added to the reserve and an annual increase of funds of 298,828 crowns ($80,684). According to the old law, it was customary for all office holders to purchase an annuity for their brides at the time of marriage. These could be bought outright or through yearly premiums. The machinery of this institution, however, is entirely too antiquated, and is being replaced by more recent legislative measures.

A municipal system, also, exists for city employes. This grants retirement pensions at the age of sixty-five, and, in case of earlier death, gives pensions to widows. Employes leaving the service are entitled to return of their contributions without interest. Compulsory sickness insurance is connected with the plan; employes must contribute one-fourth, the city, three-fourths.

SWEDEN

Though legislation for invalidity and old age insurance was among the first to receive attention in Sweden, there is as yet no state provision in that country for this form of protection. The first effort in this direction was the appointment of the commission of 1884 already referred to.* In 1889, this body presented a bill for obligatory old age insurance for the entire people. Contributions on the part of the insured were to be compulsory and subsidies were to be given by both the commune and the state. The measure failed.

The bill presented by the later commission of 1891 was more ambitious. It provided that all workmen who became permanently incapacitated by sickness, accident or old age, and all who reached the age of seventy, whether disabled or not, should receive support. Employers and employes were both to contribute. If a workingman on account of unemployment was unable to make contributions the state would advance them. It was also expected that the state would otherwise make a large contribution. Minor legitimate children of the pensioner were, after his death, to receive benefits until their fifteenth year, and the widow during her widowhood. This bill also failed to become a law.

In 1898, an amended bill was submitted, which was rejected by the Upper House. The proposals were not so comprehensive as those in the former bills, but the invalidity principle was still adhered to. Compulsory contribution ended at the age of fifty; the pension began at sixty-five but in no event before fifty. Married women were insured by the mere fact that their husbands were. Employers were not to contribute and no provision was made for pensions to minor children. Payment of premiums was to be made through postal savings banks, and of benefits through a pension administration bureau operating throughout the kingdom. This bill, likewise, failed to pass; and others, introduced on private initiative, met the same fate.

At the present time, a commission composed of some of the leading and most public-spirited statesmen in the kingdom, are engaged in working out a system for invalidity and old age pen-

* See page 51.

sions. They are considering two plans. First, one providing for workingmen only, as in Germany; and second, one providing for the entire population, as in England and Australia; the calculations are being based on the German experience, modified by certain Swedish statistics. The government for several years has been accumulating a fund, which in 1907 amounted to about 21,000,000 crowns ($5,670,000), as a basis for launching a comprehensive scheme of state pensions. This appears to promise a contributory plan, financed so as to pay pensions immediately to those already aged or prematurely disabled, benefits being provided for others from insurance premiums paid by themselves.

DENMARK

Denmark has had a thorough-going old age pension system for many years. From the time of the earliest workingmen's insurance commission, various recommendations for pensions had been presented. In April, 1891, a law was passed providing that every person over sixty years of age, whose income was not more than a certain sum, and who for a period of ten years had not received poor relief, should be entitled to a pension. By the law of March, 1908, this period was changed to five years. The amount of the pension is determined by communal authorities, the commune and the state each contributing one-half. It differs from poor relief in that certain disqualifications are not incurred by receiving the pension. There is a recognized right to the sum, instead of a mere claim for charity. In the year 1905–1906, the average pension paid was 152 crowns ($41) per person; and the aggregate was 7,600,000 crowns ($2,052,000) which was distributed among approximately 50,000 people. The system is supported by general taxation.

It is the general opinion in Denmark that independence, thrift and self-reliance, have not been impaired by this measure, but that, on the contrary, Danish workingmen are less pauperized, more self-reliant and more thrifty than heretofore. These statements are supported by statistics of savings banks. The social democracy, which constantly opposes the government, acknowledges that pauperism has been reduced three-fourths in Denmark since this law went into effect. Pensioners are sharply

distinguished from paupers, and are not deprived of any privilege of citizenship. Free medicine and medical or hospital treatment given by the commune are no longer obstacles to receiving a pension under this act.

The authorities, however, have never felt entirely satisfied with their system of invalidity insurance, and a commission, including the most distinguished actuaries of Denmark, has for some time been studying the question. Their report, which has appeared, offers alternative methods; one based upon the accumulation of such a fund to maintain benefits as would be necessary under a voluntary system, and the other based upon collections sufficient to pay claims, contributions being obligatory. If the former is adopted, persons now invalids or who become invalids within a short time, will be excluded from the benefits, unless a subsidy is given by the state to provide for them. It is not probable that such a subvention will be granted, even if the plan is adopted.

HOLLAND

There is, at present, no state provision for either old age or invalidity insurance in Holland. Yet for nearly twenty years this matter has been under continuous discussion. Government commissions have been appointed and bills presented, but changes of ministry and other political conditions of the country have obstructed the passage of each of these measures. The latest proposal, presented to the Staten Generaal, in October, 1907, is still under consideration.

This is primarily a plan for old age and widows' insurance, invalidity being left for later legislation. Under its provisions workingmen and workingwomen with yearly wages up to 1000 guilders ($400), must insure from their sixteenth year. Small employers of similar income have the right to insure at their option. Pensions and contributions vary with the five salary classes of the members. As in the German and Austrian systems, the amount of pension in each class consists of a basic sum and an additional bonus depending upon the total amount of weekly premiums paid. The minimum old age pension is to be 104 guilders ($41.60). It begins with the sixty-fifth year of the insured

after a waiting period of 1248 contributory weeks. During periods of invalidity no premiums are required, and these weeks count in the waiting period.

Workingmen obliged to insure who shall have attained their forty-seventh year when this measure goes into effect, will have a right to the minimum pension at the completion of their seventieth year, provided they make payment of 47 premiums yearly. Those who have already reached their seventieth year will receive the minimum pension, provided they have been insurable on this basis during the preceding five years. In both the above cases the annuity is reduced to 78 guilders ($31.20) if both man and wife make claim. At the completion of her sixty-fifth year, the widow of an insured has a right to an annuity of 104 guilders ($41.60). Contributions are not expected to cover all disbursements. The state will, therefore, during the first 75 years of the existence of this fund make a yearly contribution of 6,400,000 guilders ($2,560,000), of which 550,000 guilders ($220,000) shall be for management expenses. Premiums of those obligatorily insured are to be paid by the employers, who are permitted to reimburse themselves up to one-half the sum from the wages of the insured. This measure is not meeting with much favor. It is impossible, however, at the present time, to foresee what fate it will meet at the hands of the legislators.

BELGIUM

It is in the domain of old age and invalidity insurance that the Belgian government has accomplished most for workingmen. A state annuity department, the so-called "Caisse Générale d'Épargne et de Retraite" was founded on the basis of a law passed in [illegible]. Its powers were extended in [illegible] and by the later laws of [illegible] and [illegible]. Into this department every person over eighteen years of age may make payments for himself or others, either through the agency of tax collectors or the government postal savings bank, and may thus become insured for an immediate or a deferred life annuity, the latter with or without return of the principal paid. Since [illegible] the maximum annuity has been set at [illegible] per annum, the amount varying with the age when the first payment is made. The deferred annuity may begin

at any time between the fifty-fifth and sixty-fifth year. In case of earlier incapacity, the purchaser of a deferred annuity may, if his condition requires relief, surrender for a smaller immediate amount. In case of incapacity through industrial accident, he also receives a fixed annual sum, provided he has been making payments for at least five years. At the death of the insured before or after the annuity begins, if it was bought on the return premium principle, the amount contributed (less annuities already received) is paid to the lawful heir.

Of special interest is the co-operation existing between some of the friendly societies and the state life insurance and annuity department. To encourage this as well as sickness insurance, the government has made large subventions to assist members of friendly societies to purchase annuities from the state. Workmen thus receive the benefits of these societies while at the same time the government is provided with an inexpensive and convenient method of collecting premiums. The effect of this arrangement was the formation of hundreds of friendly societies, many of which, however, give absolutely no service other than the privilege of paying for old age annuities on easy terms, the government contributing a part of the cost.

The law of 1900, with the amendments of 1903, firmly established the state subvention, which until then had been granted by special appropriations from year to year, and substantially increased the amount. The state subscription now amounts to 60 per cent of the contributions, up to 15 francs ($3.00) per annum of the insured, and may thus reach a maximum of nine francs ($2.25) per annum provided the entire annuity purchased does not exceed 360 francs ($72). To persons who had already reached the age of forty on the first of January, 1900, a subvention corresponding to a yearly contribution of 24 francs ($4.80) maximum, was guaranteed; and the sum of 65 francs ($13) per annum was granted to all Belgian workingmen who on January 1, 1901, had reached the age of sixty-five and were in need.

To meet these expenditures, the government provides in its budget for an appropriation of 15,000,000 francs ($3,000,000) annually, to which must be added the bonuses that the provinces and a number of communities grant. In addition, many employers

have made the insurance of their workmen in this fund obligatory, and have also founded mutual aid societies to which they pay contributions varying from 50 to 100 per cent of the premiums paid by the workmen. Such help from employers, however, is exceptional.

Table 113 shows the growth of the state annuities fund, 1890 to 1906.

TABLE 113. NUMBER AND AMOUNT OF DEPOSITS AND AMOUNT OF ANNUITIES IN STATE ANNUITY FUND, 1890–1906

Year	Number of Deposits	Amount of Deposits (Francs)	Existing Accounts in Round Numbers	Amount of Annuities in Million Francs
1890	18,567	916,211.04	10,200	8.0
[illegible]	856,116	5,121,056.02	301,400	31.0
[illegible]	1,810,402	9,900,404.21	521,000	49.0
[illegible]	[illegible]	11,823,401.44	709,000	71.8
1906	[illegible]	13,706,894.47	858,000	100.0

In addition to the above a compulsory pension system for miners has existed since 1868 under the form of benefit associations to which employers, workmen, state and province contribute. Pensions are paid to the disabled after a service of 30 to 35 years and to widows and orphans of members. A commission decides disputes at a minimum of expense.

FRANCE

[illegible] insurance has [illegible] seamen and [illegible]. A [illegible], however, [illegible] all wage-[illegible] passed both [illegible]. [illegible] therefore [illegible] age [illegible]. [illegible] providence [illegible] insurance [illegible] the help [illegible] annuities [illegible] the state [illegible]

and the Caisse Nationale des Retraites pour la Vieillesse. The first is, in reality, a great national bank and encourages friendly societies, by giving subsidies and by paying a high rate of interest on their deposits. The second is an insurance department which, at low rates of premium, sells both immediate and deferred life annuities.

Of these agencies, the Caisse des Dépôts, established April 26, 1856, acts as banker for various funds deposited in the custody of the state. It is here that moneys are deposited by friendly societies, establishment funds, and postal savings banks; all payments, in addition, such as the government's subventions to the various societies, are made through this Caisse. Interest at the rate of 4½ per cent is allowed on funds deposited by friendly societies. As this is higher than the rate actually realized, the difference is made up each year by a special appropriation in the budget. Money accumulated in the Caisse des Dépôts may be withdrawn and annuities purchased therewith from the Caisse Nationale des Retraites pour la Vieillesse. This latter fund carries on the life annuity business of the state. It was originally established by the law of June, 1850; but, as it exists at present, its operations are based on the law of July 20, 1886. Before this date, the loss to the treasury had become so large, because of the high rate of interest allowed in computing annuities (5 per cent), that the entire reorganization of the Caisse Nationale des Retraites became necessary.

Sums may be paid into this department and there accumulate at compound interest. The accumulation is used to pay for an annuity at any age over fifty agreed upon when the account was opened. When the annuity becomes due, the recipient may, under certain conditions, leave the money for a further term of years in order to purchase a larger annuity. The annuity may be either a simple one terminating at death, or if preferred, subject to the provision that the actual sum paid into the Caisse (less annuities already received) should, at the death of the annuitant, be paid to his representative. In the former case, the annuity is said to be "capital aliené" (principal not returnable), and in the latter, "capital résèrvé" (principal returnable). Each subscriber is provided with a book in which are inscribed the payments made by him, and the total annuity from the agreed age to which all payments to date entitle him. The maximum annuity which can be purchased

is fixed at 1,200 francs ($240). The smallest payment receivable by the Caisse is one franc and the maximum per annum, 500 francs ($100). This does not apply to payments made (1) in accordance with a judicial decision, (2) by public departments on behalf of their employes, (3) by friendly societies out of members' contributions. The rate of interest allowed upon payments and by which annuities are computed was fixed by the law of 1886 at 4 per cent. It was lowered in January, 1892, to 3½ per cent, and is now fixed annually by decree. The reduction resulted in a yearly decrease in payments made by individuals, until in 1894 they were less than 50 per cent of those made in 1891. Since 1894, the number of annuity accounts opened has again increased, the interest allowed by the Caisse being still in excess of that obtainable by investment in government securities.

Deposits by individuals are, however, only a small fraction of the whole, the bulk being made through intermediaries. Among these are friendly societies, mine owners (separately referred to later), nearly all the principal railway and street car companies, many private employers and public authorities on behalf of their employes. The use of the Caisse by such intermediaries has progressed continuously since 1886, and in their case no reduction is directly traceable to the diminution of interest above referred to.

The following figures will show the enormous transactions of the Caisse Nationale des Retraites:

TABLE 114.—NUMBER AND AMOUNT OF DEPOSITS AND AMOUNT OF RESERVES IN THE CAISSE NATIONALE DES RETRAITES, 1884–1906

Year	Number of Deposits	Amount of Deposits (Francs)	Reserves (Francs)
1884	[illegible]	[illegible]	[illegible]
1894	[illegible]	[illegible]	[illegible]
1900	[illegible]	[illegible]	[illegible]
1906	[illegible]	[illegible]	[illegible]

In 1906, these immense sums represented [illegible] different old age annuity accounts of which [illegible] were individual, 1,272,721 collective (establishment fund and government), and 375,275 accounts through friendly societies. We shall discuss each of these

types of accounts separately. The first represents voluntary personal old age annuity accounts opened directly by private persons. In very few cases do these belong to workmen; the large majority are from men of considerable means, as the following distribution of deposits by amounts per account will show.

TABLE 115.—INDIVIDUAL DEPOSITS ACCORDING TO SIZE IN THE CAISSE NATIONALE DES RETRAITES, 1906.

Size of Account	*Number of Accounts*	*Per cent*	*Amount of Deposits (Francs)*	*Average deposit per account (Francs)*
Less than 10 Francs .	5,378	13.58	20,790	3.86
10–49 Francs . . .	8,203	20.72	185,311	22.59
50–199 Francs . .	8,568	21.64	789,097	92.09
200–499 Francs . .	4,867	12.29	1,381,374	283.82
500 Francs . . .	12,518	31.61	6,259,000	500.00
Regular payments of more than 500 Francs .	8	..	26,640	3,330.00
Irregular (over 500 Francs)	54	0.14	33,006	611.22
Total . . .	39,596	100.00	8,695,218	219.35

The 1,272,721 collective accounts represent various establishment funds and government departments. Contributions by employers are sometimes embraced in these deposits. Table 116 on the following page shows in detail the activities included under this head.

Of the above accounts those of school children are, in spite of their recent establishment, the most numerous. Thus, 62.37 per cent of the depositors represented were between the ages of three and nineteen years. The age period twenty to twenty-five is also largely represented, the percentage for that period being 21.13. The two periods together thus account for 83.50 per cent of the total number of depositors.

In contrast with the foregoing only 30.38 per cent of those making direct deposits to the Caisse fall in the age period between three and nineteen years. The other periods are represented as follows: twenty to twenty-nine years, 26.37 per cent; thirty to thirty-nine years, 20.77 per cent; forty to forty-nine years, 10.33

per cent; fifty to sixty-five years, 10.55 per cent, and over sixty-five years 1.6 per cent.

TABLE 116. COLLECTIVE DEPOSITS IN THE CAISSE NATIONALE DES RETRAITES, 1906

Accounts	*Number of Accounts*	*Per cent*	*Amount of Deposits (Francs)*	*Average amount per account (Francs)*
School funds	399,653	31.40	1,797,399	4.49
Miners and officials of mines	283,802	22.30	9,182,389	32.35
Railroad workers	237,478	18.66	18,117,966	76.20
Cantonniers (roadway workers)	93,025	7.31	2,114,437	22.73
Soldiers	54,255	4.26	3,852,198	71.00
Workers for departments and communes	49,136	3.86	2,494,266	50.76
Various industries (wood printing, clothing, etc.)	33,988	2.67	2,380,205	70.03
Aid societies (individual books) and savings funds	25,791	2.03	660,448	25.60
Street railway workers, seamen, etc.	[illegible]	2.01	1,730,678	67.71
Metal workers	[illegible]	1.87	1,349,073	56.73
Public works, telegraph, etc.	[illegible]	1.49	982,892	51.70
Bank and administrative [illegible]	[illegible]	1.13	904,451	63.03
[illegible]	[illegible]	[illegible]	[illegible]	3.99
Various	[illegible]	[illegible]	[illegible]	22.60
[illegible]	[illegible]	[illegible]	[illegible]	35.97
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible] through mutual [illegible] of societies [illegible] to be used in [illegible] the age [illegible] was the [illegible] of old [illegible]

age annuities from the state and to make these more accessible by the granting of government subsidy. Accordingly, the interest of a grant of 10,000,000 francs ($2,000,000) amounting to 200,000 francs ($40,000) annually, was turned over for the support of societies which pledged themselves thus to deposit a certain portion of their reserves for the purchase of old age annuities.

The law now requires the rules of the society to specify the amount of the annuity to which a member is entitled, and the age at which it becomes payable. To be entitled to an annuity a member must have paid contributions for at least 15 years, instead of 10, as formerly. Every five years, at least, the society must lay before the Minister of the Interior an account of its pension liabilities, and if necessary, it may be called upon to modify its rules.

With regard to the subvention by the state, the new law provides that the revenues of the Friendly Society Endowment Fund, as well as the annual sums voted in aid of friendly societies, shall be used for the following purposes: (1) To encourage the formation of old age annuity funds by friendly societies; (2) to supplement annuities beginning after January 1, 1895 which, with the sum so added, amount to less than 360 francs ($72) per annum; and (3) to grant subsidies, varying with the number of their members, to societies not already providing old age annuities as an encouragement to undertake them. A sum not exceeding 5 per cent of the total amount available is also to be set aside for the benefit of associations which, owing to epidemics or other causes beyond their control, may be temporarily unable to meet their obligations. Organizations which grant to their members daily disability benefits exceeding five francs or annuities exceeding 360 francs ($72) are to be excluded, both from the state subventions and from the benefit of the special rate of interest on deposits with the Caisse des Dépôts et Consignations.

The unit premium of the Caisse is one franc. Sums paid in are allowed to accumulate at compound interest (3½ per cent). As might be expected, a marked difference exists in the amount of annuity obtainable by the two plans referred to above; namely, principal returnable and principal not returnable. The following table of the rates of the Caisse shows the amount of the

Table 119, on the preceding page, shows the number of annuitants since the founding of the Caisse and the number at the end of the year 1906.

At the beginning of 1907 there were nearly 300,000 persons receiving annuities from the Caisse, the average amount of each being 134 francs ($26.80). As has been indicated, a large part of the annuity business is conducted on the principal returnable plan. In 1900, 16,903,294 francs ($3,380.659) were returned in this way. In 1906, the amount reached 17,322,288 francs ($3,464,458) paid to 13,339 families, the average amount to each family in 1900 being 1,594 francs ($318.80). The repayment of the capital in this way modifies the selfishness of old age insurance, and in a country where life insurance is not popular, is of great social service.

In spite of the wide extension of old age annuities, it is somewhat discouraging to observe that they are usually so small. Thus the average annuity in 1906 was but 134 francs ($26.80) and 47½ per cent were less than 50 francs ($10). In view of this fact and to improve the condition of the most impecunious classes, the government has come forward with financial assistance for the creation of special old age annuities, entirely apart from the subsidies granted to friendly societies.

The law of July 20, 1886, provided that, in the case of grave injuries or premature infirmities entailing the absolute incapacity of one who is purchasing an annuity in the Caisse, such annuity might be granted before the age originally fixed upon, and increased by the state out of a special fund. This annuity, however, plus the increment, must not exceed three times the amount of the annuity purchased by the member's then accumulation of payments, or the sum of 360 francs ($72). Up to the close of 1896, such increments were granted by the Caisse in 15,648 cases, amounting in all to 320,305 francs ($64,061). In addition, under the law of December 31, 1895, the income from half the amount secured by the sale of some of the crown jewels was set aside for this purpose.

A more important advance in governmental action was provided by this law of December 31, 1895. Under it persons of

seventy years of age and upwards, who had paid contributions to the Caisse or had subscribed to an "approved" friendly society which had had a common annuity fund for a specified number of years, whether consecutive or not (16 years in 1897, 17 in 1898, and so on until during and after 1905, when 25 years were the number required) were entitled to an increment to their annuities to be paid by the state. The whole annuity with the increment was not, however, to exceed 360 francs. A subsequent law, July 13, 1896, limited the increment to a fifth of the annuity purchased by the accumulations of payments. The law of December 31, 1895, also provided a special bonus to the parents of more than three children; a decree of the Minister of Commerce, December 23, 1896, fixed this bonus at 16 per cent of the pension, for parents of four children, and 4 per cent additional for each additional child.

The greatest and most revolutionary advance in state liberality, however, was made by the law of July 19, 1905. Under it every Frenchman over the age of seventy, as well as all those who before attaining that age are wholly disabled by accident or disease, is entitled to a pension, provided he is not already in receipt of an income above a fixed amount.

That the measure was really demanded by prevailing conditions is shown by the large amount disbursed under it. On April 1, 1908, after only fifteen months of operation, there were no less than 404,000 pensioners under this law. Of these 60,000 received a pension of from 60 to 108 francs ($12 to $21.60); 216,000 a pension of 120 to 228 francs ($24 to $45.60); 86,000 one of 240 to 300 francs ($48 to $60) and 42,000 one of 360 francs ($72). On the average the sum amounts to 180 francs ($36). The provision of this act that permits benefits to be paid to wholly disabled persons under seventy makes it more favorable than the old age pension act of Great Britain. Of the pensioners so far, 59.4 per cent were seventy years or over, while no less than 40 per cent were under seventy and totally disabled. The cost of supplying these pensions is shared between the state, the departments, and the communes. Thus for the year 1907 the total expenditures were 48,996,000 francs ($9,799,200), of which 27,643,000 francs ($5.528,600) fell on the state, 8,016,000 francs ($1,603,200) on the departments and

[illegible] francs ($2,667,400) on the communes. It is known that the disbursements during 1908 and 1909 were larger. This law has, contrary to all expectation, but slightly affected the activities of friendly societies; it seems to meet the needs of an entirely different group of people, indicating that the purchase of old age annuities had never reached the very poor. Objections have been brought against it from various quarters, but, according to the opinion of those in charge, it appears to have served a useful purpose.

Miners and seamen are compelled by law to provide for old age. Conditions prevailing in these two fields are of such importance, that it will be well to take each up separately.

The first provision with regard to the insurance of miners against old age, was made under the law of June 29, 1894, supplemented by two later decrees of the same year. According to this law, the employer is bound to pay every month either into the Caisse Nationale des Retraites pour la Vieillesse, or into a special establishment fund, a sum equal to 4 per cent of the wages of his employees, of which not more than half could be deducted from the wages paid. Employees whose wages are more than 2,400 francs ($480) per annum, receive benefits only proportionate to that sum. For the creation of a special fund, whether in connection with a single firm or with associations of employers, legal authorization must be obtained in the form of an administrative decree. The property of the funds can be invested only in certain specified securities which have been approved by the authorities, and their accounts are subject to inspection.

Payments [illegible] the Caisse Nationale des Retraites pour la Vieillesse [illegible] are treated in the [illegible] through societies. They cease [illegible] at which time the first [illegible] makes a request [illegible] payments are made [illegible] although the [illegible]

[illegible]

March 31, 1903, which carries with it a yearly state subvention of 1,500,000 francs ($3,000,000). Of this sum, one-third is used to increase annuities which began before January 1, 1903, and the remaining two-thirds is for payment of benefits to all miners not receiving such increase who on July 1, 1903, had reached the age of fifty-five and had served 30 years in this particular field of industry.

The number of miners insured through the Caisse Nationale des Retraites pour la Vieillesse, had in 1906 reached 283,802. All of these were entered like other industrial workingmen insured on the collective plan. By a recent decree the widow of an annuitant continues to receive one-half of the increase granted by the state to the annuity received by her husband.

French seamen, as a class, have for centuries enjoyed the special protection of the government. As far back as 1673 a fund known as the Caisse des Invalides de la Marine was established for the benefit of aged or incapacitated seamen. Revenues were composed of sums deducted from seamen's wages, dividends on government securities owned by the Caisse and the annual subventions from the government. This interest in seamen is not difficult to understand. Every member of a crew on a French vessel is registered and for the first seven years is at the call of the Minister of Marine for service in the navy.

The first law regulating contributions of seamen and amounts of annuities was passed in April, 1881. It granted annuities to those who had reached the age of fifty and had served at least 300 months. They varied between 204 and 384 francs ($40.80 and $76.80) for sailors; widows and orphans received one-half the sum the deceased enjoyed or would have received. Contributions of seamen amounted to 3 per cent of their salaries. The state gave a subvention, but the ship owners contributed nothing. If the seaman died before 300 months of service, no annuity was paid to the widow or orphans.

This law was unsatisfactory and in May, 1907, the government presented a measure which went further. It became a law in July, 1908. As before, the French sailor receives an annuity from his fiftieth year, provided he has completed 300 months' service. If he becomes incapacitated before this, and is adjudged

by a commission unable to work, a smaller pension is paid if he has served at least 180 months, of which 100 were in the merchant marine or in the fishing industry.

Annuities granted seamen vary from a minimum of 360 francs ($72) to a maximum of 636 francs ($127.20). Captains and officers of vessels are entitled to them as well as men, contributions being now fixed at 5 per cent of the pay. Others, such as pilots, certain sailors in the fisheries, etc., pay monthly contributions which vary from 50 centimes (ten cents) for ship boys up to seven francs ($1.40) for the highest officers. Ship owners also contribute an amount equal to three-fifths of the whole sum contributed by their respective crews. Provision was made for widows and orphans; the former receive 290 francs ($58) yearly and for each child under thirteen an additional sum of four francs (80 cents) monthly. When, for any reason, the widow is not entitled to an annuity under the law, a yearly benefit of 100 francs ($20) is granted to her if her husband had served at least 15 years. Sums contributed by seamen and ship owners do not cover the cost of these annuities. The Caisse Maritime has large funds which have accumulated for centuries, the interest upon which amounts to 3,150,000 francs ($630,000) per annum. The Caisse also maintains homes, hospitals, schools and mutual aid societies for seamen.

In spite of the many and varied agencies for old age and invalidity insurance, conditions in France were still unsatisfactory. Only a small fraction of the working population was insured. Nor did the law of July 19, 1905, with its increasing cost to the state and its limited sphere of usefulness entirely relieve the situation. It became all the more clear, therefore, to those who studied the matter in France, that voluntary insurance could offer no permanent solution to the problem of support during old age for the great body of the people. Public opinion, notwithstanding French conservatism, soon came to the same conclusion.

With this in view, the House of Deputies after much attention to the subject, prepared a measure providing for compulsory old age insurance. The bill passed this body in 1906 and was sent to the Senate for ratification. The Senate, however, because of

the immense financial burden the proposal would throw on the state, which was to contribute largely, refused to sanction it and referred it to a special committee for revision. After much study, the bill, modified in many essential details, was presented to the Senate in May, 1909. It was again subjected to a most spirited debate, which led to still further revision, but was finally passed March 22, 1910, and was signed by the President, April 6, following. In its present form, the law represents the views of the Senate rather than those of the House of Deputies. It rests on three fundamental principles: first, the obligation to insure; second, the accumulation of a large capital insuring financial solvency; and third, the collection of contributions from employes, employers and the state.

The law is modelled in many ways after the old age and invalidity insurance law of Germany. It includes in its provisions laborers and employes of both sexes in all industries, in commerce, in agriculture, and in domestic service. It will, therefore, be enjoyed by nearly 18,000,000 persons exclusive of railroad employes, miners and seamen, who are otherwise provided for. Of those affected by the law, 6,000,000, including farmers, small proprietors, and the self-employed, and those employing only one workman, are open to voluntary insurance under extremely favorable conditions. All others, including workingmen and women of all classes whose annual earnings are below 3000 francs ($600), are obliged to insure. Contributions are made from three sources: First, from the workers, amounting to nine francs per annum ($1.80) for men, six francs ($1.20) for women and 4.50 francs (90 cents) for minors. These sums are the minimum required by the law, the insured being permitted to make additional payments in order to receive larger annuities. Second, from employers, who must contribute for each employe a sum equal to the minimum required from the employe. Third, from the state, a bonus fixed at 60 francs ($15) a year added to the pension.

The voluntary old age pension funds heretofore in operation are preserved under the new law. A workman may, therefore, insure in any one of the following classes of agencies: (1) the National Old Age Pension Fund (Caisse Nationale des Retraites pour la Vieillesse); (2) mutual aid societies; (3) departmental

TABLE 120.—ANNUITY SECURED IN LA FRANCE PRÉVOYANTE BY ANNUAL PAYMENT OF 12 FRANCS

Age at Entry	Age at which Pension Begins									
	50 *years* (*Francs*)	52 *years* (*Francs*)	54 *years* (*Francs*)	56 *years* (*Francs*)	58 *years* (*Francs*)	60 *years* (*Francs*)	62 *years* (*Francs*)	64 *years* (*Francs*)	66 *years* (*Francs*)	68 *years* (*Francs*)
3	194.5968	230.2956	274.2636	328.8384	..	..	..	..	..	..
10	131.5164	156.3552	186.9060	224.8584	272.5476	333.3588	..	..	..	..
15	97.6872	116.6844	140.0568	169.0944	205.5768	252.0936	312.4488	..	..	..
20	71.1504	85.5648	103.3068	125.3496	153.0432	188.3472	234.1692	294.6264	..	..
25	50.5908	61.4556	74.8332	91.4568	112.3404	138.9588	173.5200	219.1116	280.6812	..
30	34.7040	42.8268	52.8324	65.2704	80.8908	100.7964	126.6576	160.7616	206.8248	270.4184
35	22.4052	28.4220	35.8008	44.9976	56.5428	71.2524	90.3756	115.5912	149.6520	196.6724
40	12.8976	17.2728	22.6356	29.3268	37.7232	48.4140	62.3304	80.6712	105.4488	139.6580
45	5.5824	8.6940	12.5160	17.2680	23.2416	30.8628	40.7508	53.8056	71.4444	95.7956

des Dépôts. This society receives as do a few others, a maximum subsidy of 10,000 francs per annum from the government. Table 120 on the preceding page shows the amount of the annuities obtained at different ages by annual payments of 12 francs.

Another mutual society of interest is the Prévoyance Commerciale. It belongs to the group of reorganized societies, and was founded in 1881. It is also on a sound financial basis, and has reached a membership of 6000 or more. Premiums are payable monthly at the central office through the post office, no agents being employed to collect or to increase the membership. As in La France Prévoyante, new members are obtained through the agency of those who already belong. No sickness benefits are paid and no one over forty-five years is eligible. Conditions are somewhat more stringent in this society; members forfeit their rights after only one year in arrears. If non-payment is due to neglect, the member loses all; if it is involuntary the society advances the premiums for a time from a special fund. There is no return of premiums in event of death.

The following table shows the premiums at various ages of entry, for an annuity of 150 francs from the age of fifty.

TABLE 121.—PREMIUMS REQUIRED TO PURCHASE AN ANNUITY OF 150 FRANCS, BEGINNING AT AGE FIFTY, IN PRÉVOYANCE COMMERCIALE

Age at Admission	*Amount of Monthly Payment (Francs)*	*Age at Admission*	*Amount of Monthly Payment (Francs)*
10	1.40	23	3.00
11	1.45	24	3.20
12	1.55	25	3.40
13	1.65	26	3.65
14	1.75	27	3.90
15	1.85	28	4.20
16	1.95	29	4.55
17	2.05	30	4.90
18	2.15	31	5.30
19	2.30	32	5.75
20	2.45	33	6.25
21	2.65	34	6.80
22	2.80	35	7.45

This society paid no pensions until 1891, the money having in the meantime drawn interest from the Caisse des Dépôts. Since

that time, annuities have been paid, beginning with the age of fifty. Government annuity tables are used and the maximum sum is 360 francs ($72). Of this sum, dues purchase 300 francs ($60) only, the additional 60 francs ($12) being added by the government subvention, which, at the present time, amounts to 10,000 francs ($2,000) per annum.

SWITZERLAND

There is no federal provision of any kind for old age in Switzerland, not even for superannuated officials; and but few sickness insurance societies (7½ per cent of them only) grant old age annuities. On the other hand, several cantons have old age annuity plans in operation. As long ago as March 29, 1898, Canton Neuenburg (Neufchatel) established a department which furnishes life insurance as well as old age annuities to applicants of both sexes over seventeen years of age. The amount of insurance upon any one life was limited to 5000 francs ($1000) and the amount of annuity to not more than 100 francs ($20) monthly. Premiums are fixed without reference to the state of health of the applicant, the cost of the added risk, which is determined by medical examination, being carried by the canton. Persons who are ill may also be taken, with a waiting period of three years, during which time only the premiums paid are returned in event of death.

The following figures will show the transactions of this department since its foundation.

TABLE [illegible] NUMBER AND VALUE OF POLICIES IN INSURANCE DEPARTMENT AND AMOUNT OF CANTONAL SUBSIDY.

CANTON NEUENBURG, [illegible]

[illegible]	[illegible]	[illegible]	Cantonal Subsidy
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]

[illegible] of medical examination [illegible] premiums

should be larger than the standard rates. It also grants subventions toward paying the net premiums of policies of the lowest denominations, that is 500 francs ($100) in case of death and 30 francs ($6.00) monthly for a pension. Subsidies are met out of funds raised by general taxation.

In Canton Waadt, also, an annuity scheme guaranteed by the canton has been in operation since the first of January, 1908. Its principal office is in Lausanne. The fund is on a purely mutual basis and is open to all persons living in the canton. Influenced by the French system, annuities may be purchased with premiums returnable or non-returnable in event of death, the maximum annuity in either case being 1200 francs ($240) a year. Larger annual payments than 1000 francs ($200) are not permitted, and during the ten years next before the pension begins, the premium payable in any one year is limited to 250 francs ($50). By means of such limitations, the institution remains popular in character, and escapes becoming a mere convenience for the well-to-do. The insured may pay premiums annually or more frequently and by each contribution a certain portion of the annuity is secured. The annuities may begin at any age from fifty to sixty-five. They are payable quarterly and are based on the French mortality tables with 3½ per cent interest. To increase the smaller annuities, the canton grants subventions on a graded basis depending upon the contributions of the insured. Thus, six francs ($1.20) is added to every annual contribution between 6 and 12 francs, eight francs ($1.60) to those between 12 and 24 francs and 10 francs ($2.00) to those between 24 and 60 francs. The smallest premium permitted is two francs (40 cents) and up to six francs the contribution of the canton is the same. These subsidies are paid into the fund annually. In cases of premature invalidity, the insured has a right to an annuity beginning at once, corresponding to his age at the time, to which is added the annuity purchased by the subsidies of the canton. In other cases, if the annuity begins at an earlier age than sixty, the contribution of the canton is forfeited.

Tables 123 and 124, on the following page, will show the annuities purchased by various premiums, both on the basis of returnable and non-returnable premiums.

TABLE 123.—ANNUITIES SECURED BY ANNUAL PAYMENT OF 10 FRANCS, WITHOUT SUBSIDY FROM THE CANTON. CANTON WAADT

Age at First Payment	Without Return of Premiums (*Francs*)				With Return of Premiums (*Francs*)			
	Age at Which Pension Begins				*Age at Which Pension Begins*			
	50	55	60	65	50	55	60	65
1	105.07	159.75	257.05	448.04	72.80	109.60	174.69	302.04
5	87.11	133.21	215 24	376.24	59.27	89.590	143.19	247.94
10	68.74	106.04	172.45	302.75	45.28	68.90	110.59	191.04
15	53.44	83.43	136.82	241.61	33.97	52.22	84.27	146.77
20	40.71	64.62	107.18	190.68	24.91	38.85	63.20	110.56
25	30.20	49.10	82.72	148.69	17.70	28.20	46.42	81.78
30	21.54	36.29	62.54	114.06	12.04	19.84	33.21	59.12
35	14.41	25.73	45.92	85.56	7.66	13.32	22.93	41.52
40	8.56	17.08	32.31	62.19	4.31	8.34	15.08	28.05
45	3.81	10.08	21.25	43.20	1.81	4.61	9.22	17.99

TABLE 124.—ANNUITIES SECURED AT THE AGE OF SIXTY BY CONTINUOUS ANNUAL PAYMENTS OF 0, 12, 24 AND 60 FRANCS IN ADDITION TO ANNUAL SUBSIDY FROM THE CANTON. CANTON WAADT

Age at First Payment	Without Return of Premiums				With Return of Premiums			
	Annual Payments (*Francs*)				Annual Payments (*Francs*)			
	0	12	24	60	0	12	24	60
1	[illegible]	[illegible]	[illegible]	.	[illegible]	[illegible]	[illegible]	..
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Recently other cantons have taken up the matter and several, including Geneva and St. Gall, have old age annuity schemes under consideration.

ITALY

In 1898 an old age and invalidity insurance law was enacted, which like the accident insurance law of the same year, had been in process of development for twenty years. For our purposes, it is enough to say that all propositions centered around the idea of voluntary insurance, with a state subsidy, in connection with the operations of the National Postal and Savings Bank. As finally passed, the statute called for the establishment of a National Old Age and Invalidity Annuity Fund for the voluntary insurance of workingmen, with its headquarters in Rome and branches in the provinces and communes. This fund gives an opportunity to workingmen and workingwomen to deposit savings, which are increased by government subventions, and gifts from corporate bodies and individuals, all of which, augmented by interest, will be applied to the purchase of old age annuities.

Capital for the fund was created by an original grant of 10,000,000 lire ($2,000,000) made from the public treasury, and during the early years of the existence of the fund, a certain proportion of the annual revenue from this was placed to its capital account, so that at the termination of the tenth year, the capital was expected to reach an amount not less than 16,000,000 lire ($3,200,000). This has actually been realized.

Contributions are received in sums of not less than one-half lire (10 cents) but must not be more than 100 lire ($20) in any one year. Upon joining the Fund, the applicant must declare whether he wishes his annual contributions to go to the common credit of all members subscribing on such mutual terms or prefers that, in case of his death the amount paid in by him be returned to his family; that is, whether he desires to purchase a deferred annuity on the premium returnable or non-returnable plan. So much of the annual income of the fund as remains after deducting management expenses and additions to the capital, is annually placed to the credit of the insured.

Each member has his own separate account, in which are credited his contributions with the annual subsidies from the state, together with such other sums as may accrue to his credit. Each account is closed when a period of at least 25 years shall have elapsed since the date of the first payment, and the member shall have completed his sixtieth or his sixty-fifth year as may be determined by the rules. Whatever sum then belongs to him is to be converted into an immediate life annuity. Sometimes other arrangements for the disposal of this sum may be made. In case of invalidity occurring before the time when the account would normally terminate it may be closed forthwith, but only if five years shall have elapsed since he became a member. In case of invalidity, the life annuity, resulting from the conversion of the moneys standing to his credit, will be increased by the application of a special invalidity fund formed (1) by sums contributed by persons under legal obligations to provide for those unable to work; (2) sums standing to the credit of the invalidity fund; (3) any gifts or other extraordinary receipts accruing for the benefit of the permanently disabled; and (4) interest on the capital of the invalidity fund. Mutual societies established to provide old age or invalidity benefits may turn over their assets and transfer their members to the annuity fund, which will assume the liabilities and receive the further contributions, subject to conditions prescribed by the government.

Administration is entrusted to a board established by royal decree, composed, in part, of representatives of savings banks and of other contributing institutions. Representatives of workingmen who are members of the fund are also appointed to the board, such representatives constituting one-fourth of the total number. The Department of Agriculture, Industry and Commerce, the Treasury Department and the Post and Telegraph Department each has one official representative. Affairs of the fund are under the supervision of the Department of Agriculture, Industry and Commerce, to which its balance-sheets are submitted. This fund began operations October 1, 1899, and was received with such enthusiasm that it prospered from the outset. Experience in practical administration soon showed possibilities of improvement, and accordingly a number of amendments were passed, between 1901

and 1906, permitting much greater freedom in the investment of assets and many additional privileges and benefits to the insured.

The more important changes and additions in these amendments may be summarized as follows: The ordinary annual income of the fund was enlarged by increasing its share in the annual net surplus of the Postal Savings Bank to seven-tenths, and its share in the annual net surplus arising from management of the deposits with the government required by law, to one-half. In the account opened with the insured, not only his yearly contributions and the amount of the subsidy are entered, but the amount of annuity which the total credits would purchase. Each subscriber is now given a book containing these entries, so that he may at all times see what his rights and privileges are. Certain classes of workingmen, such as those in mines, glass furnaces, glass works, etc., among whom invalidity is apt to be premature, are permitted to close accounts at the age of fifty, instead of at sixty or sixty-five. To such, the minimum amount of the annual contribution is not six ($1.20) but nine lire ($1.80). In addition, workingmen are permitted to conclude payment for their annuities at an earlier period, but in no case may it be less than ten years.

The special invalidity fund is increased by a grant of 10,000,000 lire ($2,000,000) from the state, payable in five equal annual instalments, to be completed in 1911. By this means, it is possible to give totally and permanently disabled workingmen who have made only five yearly payments, and who under the law were entitled to benefits, a minimum pension for life of 120 lire ($24) per annum.

A system of special subscriptions, bonuses, private and public subsidies, etc., for the benefit of members of trade unions, of mutual aid societies and similar workingmen's organizations, is also provided for, in order to encourage insurance of members of such clubs and organizations. As in Belgium, the new law permits the fund to loan its money to build workingmen's homes; but, as yet, little use has been made of this privilege. It is permitted to carry on other forms of insurance, such as industrial life insurance, annuities for widows and orphans, etc. These activities also have not as yet been developed.

The following figures will serve to indicate the wide sphere of usefulness of this fund, notwithstanding the short period which has elapsed since its foundation.

TABLE 125. — NUMBER INSURED AND VALUE OF ANNUITY FUND, DECEMBER 31, 1899–1907

Year	*Number Insured*	*Value of Fund (Lire)*
1899	776	12,328,820.51
1900	11,055	14,340,174.97
1901	31,378	17,531,171.82
1902	85,848	22,044,439.39
1903	114,239	28,231,323.07
1904	145,663	34,034,588.03
1905	169,196	42,980,312.16
1906	219,967	51,849,502.64
1907	255,127	about 62,000,000.00

In spite of the comparatively small number of its beneficiaries, it must be confessed that there is very little likelihood of any further extension on the part of the government, for some time to come. The subsidy already amounts to over 2,000,000 lire ($400,000) annually, besides the large initial contributions. When the straitened financial condition of Italy is borne in mind, it appears that for the present, at any rate, the state has gone about as far as is possible.

GERMANY

The passage of the sickness and accident insurance laws heretofore mentioned, left only old age and invalidity insurance to complete the plan of workingmen's protection outlined by Emperor William I. Apart from associations of miners and railway employes, insurance against old age and invalidity was in the hands of a few small mutual organizations and was voluntary. A thorough investigation was made by actuaries into the problems of such a system, and upon their report, a measure was drawn up by the Ministry of the Interior, approved by the Emperor, and published as a preliminary draft on November 17, 1887.

This proposed legislation was the most radical step as yet taken, and from the first, encountered great opposition. After much discussion, a compromise was effected between representatives of the government, of the manufacturing and of the labor

interests. It resulted in a measure which was introduced into the Reichstag, and, under pressure by Bismarck, was passed on June 22, 1889, by the small majority of 20 votes.

The law went into effect January 1, 1891. After nearly nine years of successful operation, it was replaced by a much more comprehensive law passed July 13, 1899. So great was the change in the attitude of the representatives of employers in the Reichstag and of the nation as a whole, that the new bill was passed almost unanimously. In its present form, the law provides that all persons over the age of sixteen, working for wages, must insure against invalidity (total and permanent disability not due to occupational accident) and old age. In addition, it applies to managing employes, clerks in stores and offices, marine officers, and to teachers of all kinds whose annual earnings are not more than 2000 marks ($500). The obligation to insure may further be extended by order of the Bundesrath to employers employing but one assistant and to persons carrying on home industries, irrespective of the number of workmen. Small employers and self-employed workingmen, not subject to compulsion, may insure voluntarily, provided they are not over forty years of age.

All government servants, as well as teachers in the public schools or institutions during the period of training, or if embraced in some service pension scheme, are exempt from compulsory insurance. So also are soldiers when employed as workingmen during their service; employes of insurance institutions and of special insurance organizations when embraced in a service pension scheme; students acting as tutors; infirm persons already entitled to an invalidity pension or whose capacity for work is permanently reduced more than one-third by old age or disability from disease or accident; and, finally, persons who receive maintenance only in lieu of wages, and mere occasional laborers.

The law gives all contributing workingmen a right to an annuity during old age or invalidity, the annuity being paid to all who reach the age of seventy, whether then actually disabled or not; the invalidity pension is paid irrespective of age to every person who becomes permanently disabled (otherwise than by occupational accident) so that he is unable to earn more than one-third of his average wages. Continued sickness benefits are pro-

vided for those who have been in receipt of them from sickness insurance societies for 26 weeks and are still unable to work.

Before an old age annuity is granted, the member must have contributed for at least 1200 weeks; before an invalidity annuity is given, at least 200 weeks. Periods of disability, as well as of military service, are reckoned part of the required number of weeks, even though no contributions were made during those periods. Applicants for old age pensions who had reached or passed the age of forty when compulsory insurance was introduced, are required to contribute only as many weeks less than 1200, as are found by deducting 40 times the excess of the actual years of age over forty. If, for example, the applicant was fifty years old when the law went into effect, the 1200 weeks would be shortened by ten times 40, namely, 400 contributory weeks, which would leave only 800 weeks. In addition, periods of temporary interruption in regular employment or in seasonal trades are allowed off, these not to exceed four months in each calendar year.

TABLE 126.—JOINT WEEKLY CONTRIBUTIONS OF EMPLOYER AND EMPLOYES FOR OLD AGE AND INVALIDITY INSURANCE BY WAGE CLASS

Wage Class	*Wages* (*Marks*)	*Weekly Contributions* (*Pfennige*)
I . . .	Up to 350	14
II . . .	350 to 550	20
III . . .	551 " 850	24
IV . . .	851 " 1150	30
V . . .	Over 1150	36

The cost of old age and invalidity pensions is to a considerable extent provided for by the government. It pays expenses of administration, adds a fixed amount—50 marks ($12.50) per annum—to each old age pension and pays the contributions of men while serving in the army or navy. The remainder of the cost is borne in equal shares by the insured and their employers. The amount of pension and the contributions are based on the average yearly wages earned in the occupation in which the insured is engaged, as determined by managers of sickness and accident insurance funds. As a substitute, in the case of common laborers 300 times the usual daily wages in the locality may be taken as the

basis for estimating contributions. The insured are divided into five wage classes. The scale of weekly contributions in these classes payable by employers and workingmen jointly until December 31, 1910, is given in Table 126.

Benefits in a higher class than that to which the workingman belongs may be procured if both employer and employe agree to pay for the more ample provision.

As a rule, the employer pays the total contributions by affixing stamps of the old age and invalidity fund to the receipt card furnished by it. He is then entitled to deduct half the cost from the wages of the employed. The employer then turns the card over to the police authorities who forward it to the Imperial Insurance Office for registry. The system is thus kept simple and almost automatic, and has developed in high degree the possibilities of a self-regulating administration. Contributions are paid regularly for each week the insured is employed. Supervision is exercised through special agents of the Imperial Insurance Department who visit the homes and factories of the insured. They have the right to inspect payrolls and to investigate the number of employes, wages, etc. Heavy penalties are imposed for falsification, and should an employer succeed in keeping the knowledge of any of his employes from the authorities, he would be compelled himself to pay the entire annuity. The best supervision, however, is exercised by the workman himself who, since there is a deduction from his wages, sees that the stamps are affixed.

The amounts of the pension for old age and invalidity are made up according to the following tables.

TABLE 127. — ANNUAL PENSIONS AND GOVERNMENT BONUSES BY WAGE CLASS UNDER OLD AGE INSURANCE

Wage Class	*Pension* (*Marks*)	*Annual Bonus by Government* (*Marks*)	*Total Pension* (*Marks*)
I	60	50	110
II	90	50	140
III	120	50	170
IV	150	50	200
V	180	50	230

TABLE 128. — ANNUAL PENSIONS AND GOVERNMENT BONUSES BY WAGE CLASS UNDER INVALIDITY INSURANCE

Wage Class	*Pension* (*Marks*)	*Annual Bonus by Government* (*Marks*)	*Weekly Bonus by Government* (*Pfennige*)	Total Pension	
				After 200 Contributory Weeks (Minimum) (*Marks*)	*After 2500 Contributory Weeks (Maximum)* (*Marks*)
I	60	50	3	116.40	185.40
II	70	50	6	126.00	270.00
III	80	50	8	134.40	330.00
IV	90	50	10	142.20	390.00
V	100	50	12	150.00	450.00

Though small, these benefits are larger than contributions would purchase under a voluntary or private insurance system. In view of the state subsidy and the contributions of employers, equal in amount to the workingmen's, the yearly pension in every case is more than twice what could be purchased by the sums paid by workingmen alone. All pensions are paid in monthly instalments in advance, cannot be pledged or assigned, and are exempt from seizure for debt. If the beneficiary is in receipt of a pension for a disabling accident or of a pension from the state, his old age or invalidity pension remains in abeyance, if either one of the others plus his personal income, from whatever source, exceeds seven and one-half times the fixed sum of the invalid pension of his class, not including the supplement by the government or the increase due to the number of contributions paid. The pension likewise remains in abeyance whenever the beneficiary is in prison or in a foreign country.

In addition to these old age and invalidity pensions and the benefits beyond 26 weeks of sickness, the law restores the contributions made for a period of at least 200 weeks, (1) to women contributors who marry before obtaining a pension, (2) to the surviving dependents of contributors who die before becoming entitled to a pension, and (3) to such contributors as are totally and permanently disabled by occupational accident and who, because their accident pensions are higher, do not become entitled to invalidity pensions. Benefits during sickness, with

relief also to the family, may be granted if a claim for an invalidity pension is likely to result.

The administration of the old age and invalidity insurance law is the only one of the three systems now in use in Germany which is bureaucratic in character. Subject to the approval of the Federal Council, the government entrusts the management to state insurance institutions, the jurisdiction of which extends over a kingdom, province or free city. Some of the larger cities, Berlin, for instance, have such an organization covering only the metropolitan territory and vicinity. There are 31 old age and invalidity pension districts. The law also allows certain establishment or industry funds or associations, already in existence, to be recognized as special old age and invalidity pension organizations, provided they grant their members benefits at least equal to those prescribed by law. Certain organizations in mining and railway industries are of this class.

Each such state insurance institution can sue and be sued in its own name. It is conducted in accordance with the statute and subject to the approval of the Imperial Insurance Office. Administration is entrusted to a board of directors, composed of communal or state officers, nominated by district authorities. There is also a committee of ten, connected with the institution, consisting of five representatives each of employers and employes, the latter being chosen by managers of the sickness insurance societies.

Special pension offices may also be established locally to administer the business and to relieve the local authorities so far as to receive and examine claims. When a claim is made to the local administrative authorities or to such a pension office, one representative each of employers and employed may be invited to attend. In the more important cases, the claimant or the recipient of a pension may be called before them. The claim is transmitted to the proper insurance institution and it then devolves on the board of directors to approve or reject it in writing. If the pension is allowed, the government commissioner must receive a copy of the award. In any case, the claimant or the insurance officials may appeal within one month from the decision to an arbitration court. These conditions are the same as

those for accident insurance. A second appeal may be made by either party within one month to the Imperial Insurance Office; there the decision is final. If the pension is granted, the claimant receives a certificate of the sum payable to him and a designation of the post office at which the pension will be paid.

While each old age and invalidity pension insurance institution conducts its business and administers its funds independently, the government reserves the right of general supervision. There are two sorts of funds, one common to all insurance institutions and one reserved for the treasury of the individual institution. Into the former goes two-fifths of the revenue from the contributions of employers and employes. Out of this fund, three-fourths the cost of all old age pensions is defrayed, also the fixed portion of all invalidity pensions and the entire cost of sick benefits. All other obligations constitute charges against individual insurance institutions. This division of funds was necessary because of the financial problems of insurance institutions in the rural districts. There persons of advanced age form a larger proportion of the population than in industrial or commercial districts and so entail a larger expenditure. Since the establishment of this common fund, January 1, 1900 the cost of old age pensions has been more uniformly distributed.

The investments of these insurance institutions are subject to much the same restrictions as trust funds. With the consent of the authorities, however, investments may be made up to one-half of the total funds, in permanent buildings for the benefit of the insured workingmen. Considerable sums, for example, have been invested in hospitals and in homes for convalescents; and among the most useful activities of this nature are loans at low rates of interest, to associations which build apartment houses in the cities and houses in the suburbs, to be sold to workingmen on easy monthly or even weekly payments.

The system of old age and invalidity pensions became operative January 1, 1891. So complete was the organization of the plan that 11,490,220 persons became insured in the 39 insurance institutions in the course of the first year. The following table gives the history of the system to the year 1907.

TABLE 129.—NUMBER OF INSURANCE AGENCIES AND OF PERSONS INSURED AGAINST OLD AGE AND INVALIDITY, 1891–1907

Year	*Insurance Institutions*	*Special Funds*	*Total Number of Insurance Agencies*	*Number Insured*
1891	31	8	39	11,490,220
1895	31	9	40	12,144,530
1900	31	9	40	13,015,100
1905	31	9	40	13,948,200
1906	31	9	40	14,142,700
1907	31	10	41	14,958,118

In 1907, 10,350,293 of the 14,958,118, persons insured, or 69 per cent, were men, and 4,607,825, or 31 per cent, were women. In the very first year, 132,926 old age and 31 invalidity pensions were granted to persons who had not contributed. In the course of a few years, however, the operations of these institutions became more nearly normal. While the number of old age pensions granted each year fell off regularly, the number of invalidity pensions increased out of all proportion, the number of persons to whom continued sickness benefits were accorded, of course, not being affected.

The following table shows the number of invalidity, sickness and old age pensions newly granted annually and the total number in force in certain years up to 1908.

TABLE 130.—NUMBER OF PENSIONS AND NUMBER PAID FOR FIRST TIME, FOR INVALIDITY, SICKNESS AND OLD AGE, 1891–1908

Year	Invalidity Pensions		Sickness Pensions		Old Age Pensions	
	Total Number in Force	*Number Paid for First Time*	*Total Number in Force*	*Number Paid for First Time*	*Total Number in Force*	*Number Paid for First Time*
1891	..	31	..	..	..	132,926
1895	..	55,983	..	..	..	30,144
1900	450,056	125,737	..	6,677	214,985	19,852
1905	857,823	122,868	28,846	11,861	156,158	10,692
1906	891,730	110,969	32,561	12,421	144,766	10,666
1907	926,795	112,220	33,624	11,529	136,416	10,813
1908	..	116,852	..	11,951	..	10,986

By the close of 1908, a total of 2,193,731 pensions had been granted in the 17 years of operation, of which 1,632,873 were for invalidity, 90,479 for sickness and 470,379 for old age. The number is still rapidly increasing and will continue to increase for years to come until the number of pensions expiring on account of death and other causes equals or exceeds those newly granted.

Study of the figures of invalidity pensions showed that the increases were too marked to represent a normal growth. A special commission was on that account appointed several years ago to investigate the subject and to determine to what extent simulation and lax enforcement of the law accounted for the unexpectedly large increases, and if these were preventable. The commission went from city to city, selecting beneficiaries at random and submitting them to careful medical examination. As might be expected, it found that many drew pensions who were not entitled to them. The law since then has been much more stringently enforced; pensioners have been re-examined and many dropped from the rolls. Figures for the last few years, accordingly, show virtually no increase in the number; yet it is the opinion of the authorities that, even under this careful administration, no one is deprived of the benefits due him under the law.

It has also been found that the rise and fall in the amount of invalidity pensions are largely influenced by the state of the labor market. In good times, even the partially incapacitated endeavor to obtain work, since pensions are lower than their earnings. This takes them off the funds. In slack times, on the other hand, when many of the ablest-bodied workingmen cannot obtain employment, the partly disabled and weaker members must fall back on the invalidity fund. In Berlin, for example, where there has always been careful supervision, the invalidity pension roll in 1908 was at the highest point in its history, owing undoubtedly to the industrial depression and to the difficulty of securing employment. Weakness due to undernutrition is, during such periods, also a factor.

The average amount of pension in each one of the three classes, namely, invalidity, sickness beyond 26 weeks, and old age, is shown in Table 131.

TABLE 131.—AVERAGE PENSIONS PAID FOR INVALIDITY, SICKNESS, AND OLD AGE, 1891–1907

Year	For Invalidity (Marks)	For Sickness (Marks)	For Old Age (Marks)
1891	113.5	..	124.0
1896	126.7	..	133.4
1900	142.04	147.73	145.54
1905	159.45	160.73	159.10
1906	162.88	163.29	160.80
1907	166.04	166.24	161.64

Although the average amount of the pensions has risen continuously since 1891, they are still pitiably small, only about $40 per annum. In derision they are often called "Trinkgeld" pensions. The authorities explain that the gradual decline of bodily vigor in consequence of old age, disease, and other causes is inevitable in the ordinary course of life and should in the main be provided for by every prudent workingman himself; that invalidity and old age insurance does not make provision beyond a scant subsistence, and that the amount should be considered merely a supplement to savings and not a substitute. Total benefits are, nevertheless, very large as appears in Table 132.

TABLE 132.—EXPENDITURES FOR BENEFITS FOR INVALIDITY, SICKNESS, AND OLD AGE, 1891–1907

Year	Medical Care (Marks)	Additional Aid to Dependents, etc. (Marks)	Nursing of Invalids (Marks)	Pensions to Invalids (Marks)	Pensions to Sick (Marks)	Pensions to Aged (Marks)
1891	400	..	..	100	..	15,299,000
1895	631,800	..	..	15,332,800	..	26,496,700
1900	5,578,300	70,500	..	53,573,200	651,400	26,224,200
1905	12,158,800	636,000	349,700	114,287,200	3,140,400	19,476,400
1906	13,468,300	754,200	407,700	120,987,500	3,630,300	18,354,800
1907	15,186,300	812,800	444,000	126,691,500	3,590,100	17,311,700
1908	(a)	(a)	(a)	133,000,000	3,400,000	16,400,000
1891 to 1907	94,229,000	3,624,800	1,735,700	913,817,800	18,996,200	391,615,300

(a) *Not yet published.*

Of special interest is the item of medical care. In the five years between 1900–1905 the cost of treatment rose from 5,578,300 marks ($1,394,575) to 12,158,800 marks ($3,039,700) and in 1907 the figure reached 15,186,300 marks ($3,796,575). This is one of the most admirable out-growths of the pension system. To avoid having an unnecessarily large number of chronic invalids to support, the insurance system has developed a great preventive and restorative movement. Provision is made through this agency for many workingmen drawing benefits from sickness insurance societies, but who, in the opinion of the invalidity fund authorities, are likely soon to become totally and permanently disabled and so entitled to a pension unless they receive adequate care. Thus patients suffering with incipient tuberculosis are sent to sanatoria; and, on the same grounds, special dental departments have been established throughout the country which even supply artificial teeth free in order to prevent disability that may result from malnutrition.

Thousands of cases are treated each year and a large percentage of those who ordinarily would have become permanent public charges are either fully restored to strength, or at any rate enabled to do something toward their own support. There is at present great enthusiasm for this system, and the ailing are only too eager to take advantage of the opportunities offered them, as it puts at their disposal medical treatment, rest, food, shelter, clothing, sanitary surroundings and care which otherwise would be far beyond their means.

In addition to the above pensions and other expenditures, there were 2,219,794 cases between 1891 and 1908 in which all or a portion of the contributions were returned. The number and value of these returned contributions under each head, are shown in Table 133. As might be expected, the average value of reimbursements is small. For the year 1907, returns to women on account of marriage averaged 38.44 marks ($9.61); because of disabling accidents 82.76 marks ($20.69); and because of death 85.44 marks ($21.36).

As in the case of accident insurance, a good many appeals (see Table 134) were taken from the decisions of the insurance institutions to the court of arbitration.

TABLE 133. — NUMBER AND VALUE OF CONTRIBUTIONS RETURNED UNDER OLD AGE AND INVALIDITY INSURANCE, 1891–1908

Year	Number of Cases			Value		
	Marriage	*Accident*	*Death*	*Marriage (Marks)*	*Accident (Marks)*	*Death (Marks)*
1891	..	..	..	..	..	..
1895	8,245	..	2,271	158,600	..	60,800
1900	156,122	234	34,142	4,939,000	11,000	1,666,700
1905	151,856	767	33,951	5,586,400	57,200	2,527,900
1906	153,226	710	32,829	5,752,400	55,500	2,628,400
1907	152,470	617	35,461	5,804,200	50,500	3,000,200
1908	151,330	587	36,789	6,100,000	..	3,100,000
1891 to 1908	1,813,891	5,477	400,426	61,268,200	..	24,679,000

TABLE 134. — NUMBER OF PENSIONS AND OF CONTRIBUTIONS RETURNED, AND NUMBER, PER CENT AND DISPOSITION OF APPEALS TO COURTS OF ARBITRATION UNDER OLD AGE AND INVALIDITY INSURANCE, 1891–1907

Year	*Number of Pension Awards*	*Number of Contributions Returned*	*Number of Appeals Taken*	*Per Cent of Awards Appealed*	Appeals Determined by Courts of Arbitration				
					Total	*In Favor of*			
						Institutions	*Per Cent*	*Insured*	*Per Cent*
1891	163,451	..	16,553	10.1	8,477	5,234	61.8	3,243	38.2
1895	104,062	..	18,819	18.1	13,257	9,676	73.0	3,581	27.0
1900	170,946	194,142	16,835	9.8	9,791	7,567	77.3	2,224	22.7
1905	189,305	196,392	25,823	13.6	22,591	18,878	83.6	3,713	16.0
1906	181,249	197,729	26,402	14.6	24,085	19,994	83.0	4,091	17.0
1907	181,858	199,265	25,923	14.3	22,183	18,045	81.3	4,138	18.7

Great discontent prevails with regard to the decisions of the courts of arbitration. In 1907, for example, fully one-fourth of these decisions were appealed to the Imperial Insurance Office. In this same year, however, over 78 per cent of the decisions of the courts of arbitration from which appeals were taken, were confirmed by the Imperial Insurance Office, as Table 135 shows.

TABLE 135.—TOTAL NUMBER OF APPEALS AND NUMBER AND DISPOSITION OF THESE DECIDED BY THE IMPERIAL INSURANCE OFFICE UNDER OLD AGE AND INVALIDITY INSURANCE, 1891–1907.

Year	Appeals		Appeals Decided by Imperial Office				
	By Insured	By Institutions	Total	Confirmations		Complete or Partial Change	
				Number	Per Cent	Number	Per Cent
1891	632	752	555	358	64.50	197	35.50
1895	2,643	789	3,211	2,303	71.72	908	28.28
1900	2,691	423	3,040	2,004	65.92	1,036	34.08
1905	5,386	652	4,567	3,636	79.61	931	20.39
1906	5,583	707	4,788	3,854	80.49	934	19.51
1907	4,917	638	5,799	4,548	78.43	1,251	21.57

Total benefits under this act include the pensions paid during sickness beyond 26 weeks, to invalids, and the aged, and for the return of premiums in case of marriage, accident and death. These items, together with the cost of management expenses of insurance institutions, cover all disbursements of the pension system. Table 136 gives the various items to the close of 1907.

TABLE 136.—DISBURSEMENTS FOR OLD AGE AND INVALIDITY INSURANCE, 1891–1907

Year	Total Benefits Paid (Marks)	Total Management Expenses (Marks)	Total Disbursements (Marks)
1891	15,299,500	3,899,400	19,198,900
1895	42,680,700	6,063,100	48,743,800
1900	92,729,300	11,244,000	103,973,200
1905	158,220,000	14,957,200	173,177,200
1906	166,039,100	16,316,200	182,355,300
1907	172,891,300	17,358,700	190,250,000
1891 to 1907	1,501,100,400	165,563,400	1,666,663,800

Of special interest are the figures under the head of management expenses. In the first year of operation (1891), these were nearly 4,000,000 marks, or over 20 per cent of all disbursements for

that year. In the next ten years, the figures fell to 9.34 per cent. The tendency is still in the same direction and in 1907 the total cost of management was about 9.2 per cent of the disbursements. Favorable as this rate is, it should be observed that it includes such items as the cost of determining pensions in the first instance and expenses of appeals to the court of arbitration. Exclusive of these, the management expenses would be reduced in 1907 to the extremely low figure of 7.8 per cent of the disbursements. Table 137 gives the items under management expenses.

TABLE 137.—EXPENSES OF MANAGEMENT IN DETAIL UNDER OLD AGE AND INVALIDITY INSURANCE, 1891–1907

Year	*Collection of Contributions and Supervision* (*Marks*)	*For Determination of Pensions* (*Marks*)	*For Courts of Arbitration* (*Marks*)	*Administration and Management* (*Marks*)	*Total* (*Marks*)
1891	1,206,000	6,900	257,700	2,428,800	3,899,400
1895	1,814,600	221,500	343,900	3,683,000	6,063,100
1900	2,975,800	832,200	404,000	7,032,000	11,244,000
1905	3,856,400	1,539,600	620,900	8,940,300	14,957,200
1906	4,296,400	1,590,000	685,200	9,744,600	16,316,200
1907	4,411,000	1,760,500	689,800	10,497,400	17,358,700
1891 to 1907	46,177,400	12,811,600	7,367,900	99,206,500	165,563,400

TABLE 138.—RECEIPTS IN DETAIL UNDER OLD AGE AND INVALIDITY INSURANCE, 1891–1907

Year	CONTRIBUTIONS OF			*Interest and other Income*	*Total*
	Employers (*Marks*)	*Employes* (*Marks*)	*State* (*Marks*)	(*Marks*)	(*Marks*)
1891	46,986,000	46,986,000	6,049,800	795,900	100,817,900
1895	51,360,500	51,360,500	16,933,200	13,404,300	133,058,500
1900	64,385,200	64,385,200	30,761,800	27,538,200	187,070,400
1905	80,645,900	80,645,900	47,350,800	41,669,300	250,311,900
1906	85,063,100	85,063,100	48,557,000	44,457,000	263,340,800
1907	89,321,600	89,321,600	49,620,600	47,528,200	275,792,000
1891 to 1907	1,084,719,500	1,084,719,500	485,204,400	416,088,100	3,070,731,500

Contributions of employers and employes with the subsidies of the state, provide the necessary funds for the payment of pensions. Unlike the assessment system in accident insurance, contributions here consist, as we have seen, of an average "premium" and not merely enough to pay pensions currently falling due. Receipts, therefore, more than meet expenses. Table 138 on page 359 gives the various items of receipts.

It will be seen that the amount of interest and other income is becoming larger every year. From the excess of contributions over disbursements, aggregate sums have been set aside as a reserve, as follows:

TABLE 139.—AMOUNT OF RESERVE FUNDS ON DECEMBER 31, UNDER OLD AGE AND INVALIDITY INSURANCE, 1891–1907

Year	*Amount of Reserve (Marks)*
1891	81,619,100
1895	413,145,400
1900	845,759,100
1905	1,237,540,200
1906	1,318,525,600
1907	1,404,067,700

While large in the aggregate, there is no pretense that these reserves are as large as would be required under a voluntary annuity and insurance system.

Under the law, at least 50 per cent of the fund must be invested as a trust fund, and as such investments yield small returns the department realizes only 3 per cent. The remainder is, as far as possible, invested in loans and mortgages to associations organized for building workingmen's homes and apartments, to be sold to them. A considerable sum also was loaned in Berlin to the labor unions to erect an administration building. This, together with other similar transactions, has tended, in part, to ease the opposition of the social democracy. There is, however, a strong tendency to dispense with the reserves, as unnecessary in view of the compulsory character of the law. The German government has, moreover, many millions of the indemnity obtained from France for the war of 1871, which, when no longer required for pensions to veterans who became invalided in the war, will eventually be transferred to the invalidity fund.

AUSTRIA

With the exception of miners and employes in offices (Privat Beamten) Austrian workingmen do not as yet enjoy the benefits of an old age and invalidity insurance law. At the present time, however, as a result of the pressure brought by workingmen's organizations, a comprehensive measure is ready for presentation to Parliament. This is a part of the general reform project of workingmen's insurance, fully described later.*

Provision for miners dates back to May 23, 1854, when mine-owners were obliged to create special societies (Bruderladen) for employes, or to arrange with others for the formation of joint societies. These provided benefits in case of sickness, accident, or invalidity whether from old age or other causes. As a result of a fundamental weakness in this plan, these societies constantly presented deficiencies. The government, therefore, as early as 1872 attempted to pass a reform measure. Nothing was accomplished until July 28, 1889, when a law was passed for the purpose of regulating mine-owners' associations on lines similar to those of other industries.

According to this law, each society must have two funds, separately administered; one for the payment of sick and funeral benefits and another for that of pensions to members incapacitated through sickness, accident or old age, as well as to widows and orphans of deceased members. Sick and funeral benefits paid by the sickness branch of the fund must not be less than benefits provided under the general sickness insurance law in the case of working people engaged in other trades. Annuities must not be less than $41.66 for men and $20.83 for women members. The widow of a deceased member is to receive an annuity payable until re-marriage or death, of at least one-third of the pension due her husband; each legitimate child up to the completion of his or her fourteenth year, an annuity, if the father only is dead, of at least one-sixth, or if both parents are dead, one-third of the pension which the deceased father was receiving, or which he could have claimed had he been permanently invalided. Combined pensions of widow and children must not, however, exceed three-

* See Chapter XIX, Reform Project in Austria, page 414.

fourths of that which the deceased member would have received. Funds needed to enable societies to fulfill their obligations under this law are provided by equal contributions from employers and employed, except in the case of employes receiving over $500 a year, who must bear the whole expense themselves. Both the sickness and pension branches must accumulate reserve funds, the amount being regulated according to principles laid down in the law.

The law for employes in offices (Privat Beamten) is a step in an entirely new direction for obligatory insurance. It was passed December 11, 1906, and has been in operation only since the beginning of 1909. It provides against invalidity and old age and grants pensions to widows and orphans of office employes, clerks and other salaried employes. These classes, neglected by the government in its earlier legislation against sickness and accident, made a strong claim for an invalidity and old age insurance law. For political reasons, as well as because of the ease with which such a law could be applied to this relatively higher economic class, the measure was allowed to pass, even before a general old age pension law was put into operation.

All office employes between the ages of eighteen and twenty-five whose annual earnings are between 600 kronen ($120) and 3000 kronen ($600) are obliged to insure. Those having salaries over 3000 kronen are insured for this amount only, and the few whose wages fall below 600 kronen are classed with workingmen proper for whom the other invalidity law is being planned. A distinction is thus made between those engaged in purely physical labor and those occupied in work chiefly mental.

TABLE 140.—WAGE CLASSIFICATION OF INSURANCE AGAINST INVALIDITY AND OLD AGE

Wage Class	*Per day* (*Kronen*)	*Per week* (*Kronen*)	*Per month* (*Kronen*)
I . .	Up to .80	Up to 4.80	Up to 20
II . .	0.81 to 1.60	4.81 to 9.60	21 to 40
III . .	1.61 " 2.40	9.61 " 14.40	41 " 60
IV . .	2.41 " 4.00	14.41 " 24.00	61 " 100
V . .	4.01 " 6.00	24.01 " 36.00	101 " 150
VI . .	above 6.00	above 36.00	above 150

This law is extremely conservative. A waiting period of 120 contributory months is fixed for invalidity pensions, as well

as for pensions of widows and orphans. For old age pensions, the period is 480 contributory months. This is considered too long and will in all probability be cut down. For purposes of determining benefits as well as fixing rates of premium, the employes are divided into six classes as shown in Table 140.

Invalidity pensions are composed of two parts. The first, known as the basic sum (Grund) varies with the class of the insured from 180 kronen ($36) in Class I to 900 kronen ($180) in Class VI. The second sum, looked upon as a bonus, begins with the end of the waiting period and varies with the class to which the insured belongs during the period between the close of the waiting time and that of invalidity. The old age pension is of the same nature and is paid upon reaching the limiting age, at the end of the longer waiting period, without the necessity for showing incapacity. Widows receive one-half the pension which the husband would have enjoyed. Orphans receive one-third in case of the death of one parent and two-thirds for both parents, but the sum of all pensions to survivors must not exceed the maximum for the man himself. Should the total pension be twice as great as the basic sum to which the deceased was entitled after paying for 120 months the amount may be settled by one payment. If death ensues during the waiting period, the widow and orphans receive a settlement instead of a pension.

In the preparation of this measure, the government took precaution that rates should be adequate. Those proposed by the Minister of the Interior were accordingly made sufficiently high to insure a large surplus which the management hopes to apply to the increase of the present low guaranteed benefits, The four lower classes of employes pay one-third the premium. employers paying the balance. In the two upper classes employer and employe each pay half. Those who enjoy an income over 7200 kronen ($1440) pay the entire premium themselves. Premiums are on the capitalized value plan, and average from 6 to 30 kronen ($1.20 to $6.00) monthly, depending on the class. The only state contribution is that of 100,000 kronen ($20,000) yearly, for management expenses. Administration is in the hands of a central pension office in Vienna, and a general assembly of representatives of employers and employes in the same proportion the chairman being appointed by the state.

The law also permits employers to establish independent organizations, "Ersatz-instituten" as they are called, in their respective establishments, provided these meet the requirements of the law and give at least the same minimum benefit as the central institution. A sufficient reserve must be maintained and unless there is a very strong guarantee of soundness, a bond equal to the reserve is required from the employer. Such an "Institute" has been established by a large company in Prague engaged in the iron industry. These bodies are all under jurisdiction of the Minister of the Interior.

At the present time, in view of the short period the statute has been in force, it is impossible to give any statistics of results. It is clear, however, from the character of the law that a considerable number of difficulties will arise in its administration. It will be difficult, for example, to determine with accuracy which persons come under its provisions and which do not. Thus, book-keepers are in all likelihood insurable; ordinary salesmen in stores, probably not. It is on this ground that the Social Democratic party has opposed the measure from the very beginning, its objection being that a distinction is made between salaried men and wage-earners. This party demands one law for all.

INSURANCE AGAINST UNEMPLOYMENT

XV

INSURANCE AGAINST UNEMPLOYMENT

AN element of economic loss, both to the community and to the individual, not covered by compensation for the consequences of industrial accidents, or by insurance against sickness or invalidity, arises from want of employment. Losses from unemployment vary greatly from year to year. In fact, there is a factor at work, the complete nature of which has not yet been revealed, that causes this kind of loss to come in cataclysms like conflagration losses in fire insurance or losses of property occasioned by volcanic eruptions or earthquakes. This fact has made it so difficult to provide against such misfortunes, that anything like adequate protection has in all countries been deferred until other kinds of workingmen's insurance shall have been developed.

Another difficulty immediately encountered when an effort is made to deal with this subject, is that at the very time pressure upon the community on account of unemployment is greatest, the middle classes, and those who represent large aggregations of capital as well, are in a condition of prostration and less able than in ordinary times to respond to a demand for special contributions. These two facts: (1) that the hazard involves a cataclysmic risk, as well as the more or less regular and stable one due to individual conditions; and (2) that, when there is widespread unemployment, there is also widespread financial distress, greatly complicate dealing with this subject and indicate the necessity for proceeding with great caution. At the same time, these facts emphasize its importance. If, through the study of some system of compensation for unemployment or insurance against it, the causes that lead to it could be laid bare, and means of prevention discovered, a most valuable economic service would be performed.

Insurance against unemployment, in the form of "out of

work pay," as found in the guilds of the middle ages, persists in the trade unions of today, and also, in a greatly diminished degree, in some of the voluntary friendly societies. In these latter it has been associated with "sick pay"; but the amount allowed has usually been smaller than "sick pay" and frequently a large element of discretion has been vested in the management as to whether an allowance should be made or not. Moreover, it has usually been specified in the rules, when such sums are allowed, that they are to be paid only out of funds collected for this purpose. The result is that when unemployment is widespread, most of these funds in local friendly societies, or in the branches of affiliated friendly societies, are treated as charity funds. Distribution is made only to members whose families are in the most serious distress, and then in sums determined more by their requirements than by any fixed rules or based upon the contributions of the respective claimants.

In trade unions, a condition of depletion often results from widespread unemployment, and leads to similar reductions in the amount of provision per member, or to a similar exercise of the right of discretion in distributing the funds. In the trade unions, however, it may happen that, at a period of cessation of industries resulting in general unemployment, a large fund is on hand and very material assistance can be rendered to members thrown out of employment. This condition of the treasury is sometimes due to another and peculiar feature, which may seriously endanger the success of unemployment insurance as it is now provided by the unions. Frequently contributions collected from members as provision against involuntary unemployment are not kept separate from those received as a strike fund to be used in supporting members when on strike or "lock out." The presence of a large accumulation of money in a strike and unemployment fund is of itself a temptation to threaten to strike, operating most potently when there has been a long period of prosperity with consequent small pressure upon the funds. This is likely to exhaust the sums which should be on hand to meet the extraordinary demands in times of a financial panic and industrial depression. It is true, also, that a panic usually follows periods of extraordinary apparent prosperity during which employes are likely to go on

strike for higher wages, shorter hours, or other improvements of the conditions of the wage contract.

It therefore happens in some cases that the provision made by labor unions for unemployment fails at the very moment when it is most needed. Moreover, this insurance is only offered to members of trade unions. While in most highly developed industrial countries the unions embrace a large proportion of skilled workmen, they contain relatively few unskilled workmen, municipal and agricultural laborers, employes in stores and offices and the like. Consequently, this leaves a large proportion of those dependent upon wages unprotected. It is precisely the unskilled workmen who, because of small wages, have most need of this kind of insurance, and particularly those who, on account of immaturity or approaching old age, receive minimum wages and are consequently unable to provide accumulations of savings.

Interest has been taken in this subject of provision against unemployment by four separate and distinct classes of people; the employes themselves, local governmental officials, state authorities and employers. The interest of employers has been very slight. It is thought that there are distinct industrial advantages to them in having a considerable number of unemployed; it helps to keep down wages, prevents complete unionization of workingmen, and in general enables employers to make better terms. This might not be of great importance, were it not for the different standards of living in different countries and the fact that many employers compete in the world's market. Under existing conditions it undoubtedly does make a considerable difference.

Moreover, while the knowledge that workingmen were injured during their employment, or killed by industrial accidents, or, after serving for a long term of years, were disabled or died from old age or disease, leaving a dependent family, has often made a strong appeal to employers, the case of unemployment has presented no such appeal. On the contrary, in many cases unemployment has been due to discharge for failure to fulfill an employer's idea of competence, or diligence, and not infrequently to strikes or lockouts in which employers on the one side and employes on the other have been engaged in a bitter struggle. As has been

stated, when it has been due to general conditions of panic or stagnation in a special trade or industry, the employer has suffered as well as his employes. In the last-mentioned case, many employers, chiefly from self-interest keep their forces of workingmen together, though this is done also in part from the altruistic purpose of, as far as possible, providing them with the means of support. They have parceled out their work during hard times and have run their industries only a certain number of days per week, instead of having discharged a large proportion of employes. This is the only important way in which the employer, from whatever motive, has made voluntary provision for the support of workmen during unemployment.

The state, on the other hand, has many very obvious interests in the matter. In the first place, there is the pressure upon the poor rates. Worse than this, workingmen and their families who up to the time of loss of work have been self-supporting and independent, are often pauperized by being given this kind of assistance. It is also believed that the creation of bodies of tramps and ne'er-do-wells has been due chiefly to periodic cataclysms of unemployment, transforming men who were previously self-respecting into parasites, broken in spirit and never afterward of any real service or capable of self-support.

The interest of the local government bodies is usually much greater even than that of the state, because in all countries poor rates are chiefly levied and distributed locally. Densely populated industrial communities sometimes find pressure upon the funds raised by taxation for purposes of public charity so great during times of industrial depression, that they are not able to cope with the situation. In such communities employers shift the burden much more readily than do those in agricultural sections. Farmers will keep their laborers during critical periods, perhaps out of necessity, perhaps out of motives of charity; and while there may be a diminution in the number of domestic servants they too are retained, if possible, even under difficulties. The same is true, though in a less degree, of employes in stores and offices; but in the trades and particularly in building trades and the like, where operations actually come to a stop or are greatly reduced, there is no choice

but to throw the men out of work. Consequently certain communities, where manufacturing or construction trades are centered, necessarily suffer most severely during such times.

Pressure is increased also by the tendency of those temporarily thrown out of work in the smaller towns to drift to the large centres. The very first effect of a panic is to send men to the cities. This is due to many causes, chief of which is the belief of workingmen that they have a better chance to get work where it is known that work exists, even though there are many applicants, than to obtain it where it is scarce though applicants are few. Undoubtedly the wholesale provision made in large communities for the support of unemployed workingmen and their families, though on an exceedingly inadequate scale, is of itself an attraction. Self-respect is not so quickly broken down as in a small community where all the neighbors know if one is thrown upon public charity. The tendency to gregariousness, likewise, in times of trouble and peril drives men together.

Local governments are greatly interested in these problems; so it is not strange that a beginning in the matter of providing insurance against unemployment has already been made in communes and municipalities, as for instance, in Munich, Cologne, Amsterdam, and Ghent, each of which is well-known as an experiment station in protection of this nature. The experiments vary in method and are of sufficient importance to be considered separately. The following pages, therefore, will be devoted to a discussion of some conspicuous attempts, municipal and state, to cope with the problem. Fuller details of these systems grouped by countries will be found at the conclusion of this section.

In Munich the municipality conducts an employment agency, access to which is given to each member of the community, where earnest effort is made to provide employment for every person applying. Thoroughly popular in character, these efforts have been remarkably successful and the efficiency of this branch of the local government is everywhere acknowledged.

Activity of a very different type is to be found in Cologne where an employment insurance fund has been created, partly through private donations, partly by a subvention from the municipality and partly by contributions of workingmen who desire to

be insured. Insurance is entirely voluntary and is extended to all classes of workingmen. The amount of daily compensation is the same without regard to the earning power and is fixed at a very small sum, barely sufficient for the most meager sustenance of the workingman himself, with little if any available for his family. In other words, it supplements but does not entirely replace poor relief. The insurance benefit is payable only in case the workingman has been a contributor to the fund for some months. He must have had the forethought to make such provision and cannot, on the eve of becoming unemployed, get in a claim against the fund by making one or two contributions. The administration of the fund is acknowledged to be very successful, and it is said that a much more than proportionate relief of the poor rates has been the result. At the same time, only a small percentage of the workingmen of Cologne are thus protected.

In Amsterdam, a more elaborate system has been evolved. There insurance is strictly through and in connection with trade unions, and is available for their members only. This is possible, because in Holland nearly all workingmen, both skilled and unskilled, are federated in unions, so that the discrimination is by no means so great as might at first appear. The municipality has limited the amount it will contribute in three ways: first, to a certain moderate aggregate; second, to a certain amount granted each trade union adopting this insurance system, based on membership in the union; and third, to a sum not exceeding contributions made by the men themselves. Wherever a trade union accepts the provisions of the scheme, the board which has control of the subvention is given authority to supervise, to approve or disapprove by-laws and amendments thereto, and generally to regulate the conduct of the union in relation to the fund. There is, however, no requirement that a trade union shall admit persons not members, even though of the same trade, to participate in the benefits of this insurance. The amount and duration of the benefit is subject, likewise, to the determination, within certain limits, of the board entrusted with the administration of the law. Special provisions are made in the case of seasonal employments, such as carpentry, and the building trades generally, in order that

the funds may not be charged, without sufficient contribution being made for that purpose, with the support of workingmen in such occupations during the portions of each year when, under the usual conditions of the trade, unemployment is to be expected. The system has been sufficiently successful, although on a comparatively small scale, so that it has been extended to many other communities of Holland, such as Utrecht and The Hague.

The most interesting developments of unemployment insurance along purely voluntary lines, though assisted by subsidies from the government, have been in Belgium, Denmark and Norway. In the last mentioned country, however, the development to this day is one rather of law than of practice.

In Belgium, commencing with the municipality of Ghent and extending through many municipalities of the country, a system of subsidized unemployment insurance has been inaugurated. This system is carried on in connection with the trade unions and is open to all the workingmen of the community. Membership is not compulsory but is so strongly encouraged that a large proportion are insured. Contributions to the funds are made by the insured, the community and the state. From these funds, under conditions determined by the governing board, provision is made in the most economical way for the support of unemployed workingmen and their families. The Belgian government desires to extend and amplify this system, in view of the great benefits which have been secured in communities where it has been fully established. It has therefore passed a law, calling for the interrogation of the authorities wherever it has not been introduced, inquiring why this is the case. The commission making the inquiry has power to offer governmental assistance and generally to encourage and support such schemes when inaugurated.

In Denmark, greater progress has been made, although the scheme has not been in operation for so long a time. There the subsidy is solely from the general government. At the outset it was fixed at 250,000 crowns ($67,500) per annum, with a clear understanding that if it appeared to be acceptable that the proportionate contribution of the government should be larger, the fact would be received not with dissatisfaction but with special satisfaction, and an appropriation to make good the deficiency would

be voted promptly. This plan is the special proposal of a former chief supervisor of the Danish friendly societies, who for a long period of years has possessed the confidence of the officers and members of the trade unions of Denmark. As in Holland, trade unions embrace a very large proportion of the workingmen, whether skilled or unskilled. The Danish scheme is substantially as follows: The organization and management of the unemployment fund are in each case entrusted to the trade union. If it desires to add the insurance feature, the union with the approval of the supervisor fixes the amount of contribution for each member, and he is obliged to pay this sum, thereby becoming entitled to the benefits of unemployment insurance. The option is given to every workingman of the same trade or occupation, not a member of the union, to come in for employment insurance and to contribute at the same rate as the members of the union. Since the union is to pay all expenses of administration, such a person must make a contribution, also, toward these, the amount of which must be approved by the supervising officer. It appeared unlikely, at first, that labor unions would consent to admit non-union workingmen to the benefit of unemployment insurance, thus put under their management and control. This, however, has not proved to be the case. It is believed that the favorable attitude of the Danish trade unions is due to two things; first, the thorough unionization of the country,which leaves little to be feared from unorganized workingmen whom it is the policy to convert to the advantages of unionism; and second, the confidence in the disinterestedness, wisdom and ability of the former supervisor of friendly societies now charged with the administration of this scheme. Whatever the cause, it is the opinion of labor leaders that the plan now in operation has not had a disintegrating effect nor loosened the unions' hold upon their members. On the contrary, by bringing non-union men in, it has greatly encouraged them to join the unions.

A law similar to that in Denmark has been passed in Norway, it having been introduced upon the suggestion of a professor of Christiania University, though the administration of the measure was necessarily entrusted to other hands. While deserving great credit for his activity in public affairs, the distinguished professor had not the confidence of union workingmen sufficiently to

enable him to quiet their suspicions and fears. In consequence, the difficulty of administering the Norwegian fund in this way has been insurmountable, and the law has been virtually a dead letter, the unions being unwilling to admit to the benefits of the unemployment fund, persons of the same trade or occupation who are not members. They prefer to go without the very liberal state subsidy, rather than loosen the bond of union, diminish the inducement to become and remain members, and expose the organizations to the danger of disintegration which they believe would attend any such action on their part. The explanation is in part political. In both Norway and Denmark, as in most European countries, members of trade unions are Social Democrats politically, and realize that solidarity on the part of the workingmen calls for their standing together at the polls and assisting to elect representatives in Parliament who will look out for their special interests. In Denmark this attitude is generally accepted, the Social Democratic party there being about as strong relatively as in Germany. In Norway, which is much less developed industrially and where factories are less common, the organization of the Social Democratic party has been more recent, and, as in the United States, is attended with much greater hostility on the part of employers and of other members of the community than in most of the better developed industrial countries of the continent. There are accordingly fears and suspicions in Norway, that the introduction of any system which would cause the labor union to treat all persons of the same occupation as entitled to equal privileges, would tend to break down the union itself and thereby injure the prospects of the Social Democratic party. At the same time, the experience of Denmark, so decidedly to the contrary, will perhaps be accepted ultimately in those occupations at least in which the unions are the strongest.

In other countries of Europe there have been sporadic attempts to deal with unemployment but so far without any such measure of success as has been described.

The most radical proposal to treat the subject on a large scale comes, not from any of the countries mentioned, but from Great Britain, where the government now proposes compulsory insurance against unemployment, to be applied first to a limited

number of occupations. The suggestion is as follows: Contributions to an unemployment fund are to be made by the employe and the employer in equal amounts. The government is also to contribute and likewise virtually to guarantee the sufficiency of the fund. From this, a small daily wage during unemployment will, under certain precautions, be granted to each workingman who has contributed. It is proposed that the method of collecting the contribution be the same as in insurance against invalidity in Germany. Stamps will be sold by the government. It will be the duty of every employer to see that each person employed by him has a book, showing that he is insured against unemployment; and it will also be the duty of the employer to deduct from the employe's wages the amount necessary for the purchase of the stamps due and to affix them to the book, together with an equal number paid for by himself. The government besides administering the fund is to contribute a substantial amount from the general budget each year.

For the purposes of administration, Great Britain is to be divided into ten districts, in each of which there will be a board charged with the administration of the fund and the execution of the law. There will be a number of branch offices also, in each district, and in London a general government supervisory board. It is anticipated that the surplus funds of each district will be available to cover deficiencies in the others. In connection with the administration, each governmental office will be an employment agency, assisting employes to find work and employers to find workmen.

It is said that 2,500,000 adult males, about one-fifth of the wage-earning population of Great Britain, will at the outset be comprised in this insurance plan. Their contribution is expected to be about six pence (12 cents) per week each, an equal sum to be contributed by the employers. The amount to be contributed by the government has not been fixed but it will be charged with the expenses of administration, including those of the employment agencies, and will guarantee payment. This means that appropriations will probably be made to cover any deficit, although it is obvious that, should contributions prove to be much too small, they would probably also be increased by amend-

ing the law. This is the most ambitious scheme for unemployment insurance that has ever been proposed, but, being a government measure, it is not unlikely to be adopted by the British Parliament. It entirely prevents funds raised for protection against involuntary unemployment from being drawn upon for other purposes. This should strengthen labor unions by enabling them to raise funds for the support of their members while on strike or during lockouts, independently and without reference to ordinary unemployment. Undoubtedly the unions have suffered severely during times of financial depression, both because of the ready disposition of workingmen to underbid one another at such a time and to leave the unions in order to do so, and because the expected support from the unions was not forthcoming or was placed upon a charity basis.

It is believed by competent observers that the success of a plan of compulsory insurance against unemployment will depend chiefly upon two things: first, whether or not during times of prosperity contributions will keep up and large accumulations of funds be thus secured, in order that the heavy pressure during times of depression may be met; and second, whether or not boards charged with the administration of the law will encourage special studies and investigations to be made of the causes of unemployment with a view to prevention. If these things are neglected, it is generally expected that the scheme will in the end be disastrous, involving enormous pressure upon the central government for large funds at a time when business depression is greatest, and contributing little or nothing to the determination of causes and their removal.

XVI

INSURANCE AGAINST UNEMPLOYMENT IN VARIOUS COUNTRIES

GREAT BRITAIN

AS has been stated in the previous chapters, the radical and comprehensive scheme in England for dealing with insurance for unemployment is only a proposed program as yet. Virtually none exists except in trade unions. In these the funds are often used for strikes and lockouts as well as for involuntary unemployment. The lack of government provision up to this date is surprising, as England is primarily an industrial country which for centuries has presented a most distressing unemployment problem. Poor relief has always been the great reliance of a considerable portion of the population. Today, with a largely increased population, conditions are appalling. This may be illustrated by the situation in a typical trade. In the decade from 1881 to 1891, 35,000 men were engaged in the building trades. In the next ten years, the number rose to 327,000 and today it is 1,300,000. Work has not increased proportionately and a large number of able-bodied men are chronically unemployed.

According to the careful investigation of the well-known statistician and economist, A. L. Bowley, the number of unemployed varies between 150,000 and 300,000. To properly support this army, at least £6,000,000 ($29,222,000) per annum would be necessary, and in bad years the amount would rise to £10,000,000 ($48,700,000). The old method of poor relief offers no solution for such a problem. In spite of the example of the municipalities of Ghent, Amsterdam, Cologne and continental countries with their more or less successful schemes for insurance against unemployment, the English method has been almost entirely limited to poor relief and to what is known as "distress

works," that is, public work undertaken for the purpose of furnishing employment.

As long ago as 1892, the Local Government Board drew the attention of municipalities to this method of solving the problem. As a result, 96 communities undertook such public work and thousands of persons were thus employed. The city of Glasgow was foremost in establishing such labor, and in the winter of 1895 over 3500 workmen were employed chiefly in the stone works. The men were given three meals a day and a shilling in cash, enough to keep them alive until industrial conditions improved. In the winter of 1905, "distress works" were carried on in nearly all the districts of London, as well as in 74 provincial towns, 41,000 men finding employment. The pay in most cases was from five pence to seven pence (10 to 14 cents) an hour, and the daily work-time was from eight to eight and one-half hours.

With this method in operation throughout the country, Parliament in 1905 passed what is now known as "The Unemployed Workmen Act." By this statute power was given the Local Government Board to establish "distress commissions" in the larger cities and towns; to work in co-operation with local authorities in order to find direct employment; and to arrange for such "distress works" as the larger central commissions found necessary and feasible. To defray expenses, the Board was given the power to contribute one penny for each pound the community contributed. This law holds good for 29 municipalities in England of 50,000 population or over, but can be applied to towns of 10,000 if the consent of the local authorities is obtained. It is now operative in 75 municipalities and 14 towns.

The present bill was introduced by the government, May 20, 1909, and is made applicable at once to building, construction, engineering, machine and ship-building trades, the benefits proposed being somewhat smaller than trade unions now allow their members.*

NORWAY

The subject of insurance against unemployment in Norway has already been dealt with in the foregoing chapter (page 374).

* For further discussion see page 375.

The country is trying an interesting social and political experiment. A law authorizing trade unions to organize unemployment insurance funds was passed in 1906. This law gives to trade unions complying with its provisions the right to receive from the state one-fourth of the benefits granted to the insured. One of the conditions of receiving this state subvention is, however, that the unions must accept non-union workmen of the trade for membership in the fund. The latter have no right to vote and the unions may ask an additional premium from them to meet the expense of the management of the fund. Unemployment due to strike or lockout does not entitle one to indemnity. The law has been accepted by only a few societies, and, as noted, up to the present time has been opposed by workingmen. They argue that to accept non-union men would lessen the incentive to become and remain members of the union.

SWEDEN

There is, as yet, no effort of any consequence toward establishing unemployment insurance funds in Sweden.

DENMARK

An important step forward in the protection of workingmen in Denmark was taken in 1903, when a commission was appointed to report on the feasibility of establishing invalidity and unemployment insurance. This commission included the former chief inspector of friendly societies, who was thoroughly acquainted with workingmen's associations and possessed their confidence to a marked degree. Under his leadership, a law was enacted providing for a large subvention to well organized trade unions which would voluntarily undertake the establishment of unemployment funds, under the further condition that they admit to the latter benefits non-union workmen of the trade.*

The law, passed April 9, 1907, went into effect on August 1 of the same year and was favorably received by the trade unions. Under its provisions, unemployment societies may become "recognized" and thus eligible for a share in the state subsidy if they have at least 50 members and comply with other requirements of the law.

* For further discussion see page 373

Membership is confined to working people between the ages of eighteen and sixty. Non-union workmen admitted to the unions for benefits in the unemployment fund make the same contribution to it as members, plus a small fee for expenses of administration, this latter item being covered for members by their dues. After a year of operation, there were in 1908, 40 unemployment insurance societies,—39 trade and one local society,—with 76,000 members, nearly half of whom live in the city of Copenhagen. The trade societies always contain both good and bad risks, while local societies usually escape the bad ones. The largest society (Arbejdmandenes Forband) is composed of unskilled laborers, and out of its 28,000 members, 21,000 carry unemployment insurance.

Benefits granted by the funds may take the form of traveling expenses, rent, or daily allowances of money or food. The benefits must not exceed on the average two-thirds of the current daily earnings in the trade and in that locality. The minimum benefit per day is 50 ore (13 cents) and the maximum two crowns (54 cents), one crown being the usual allowance. These benefits may be paid for at least 70 days in any one year. In most trades, members are entitled to benefits after the sixth or seventh day; but in some trades in which unemployment is usual at certain seasons they are indemnified after longer periods only. Each society endeavors to find employment for its members, who are required to accept it when offered; but as yet no system of agencies has been developed.

The state contributes one-half the cost, reimbursing to that amount at the end of the year, the society which must make the current payments out of its funds. Communes may contribute also, but usually do not do so. A society may grant as large benefits as it pleases, but the state is liable for only 20 ore (5½ cents) per diem and for not more than 250,000 crowns ($67,500) in any one year. The first year the law was in operation 500,000 crowns ($135,000) were actually required and no objection was made to appropriating this amount. The government is well satisfied that the plan is a success at a time when relief of the unemployed is everywhere such a serious question.

These funds cannot be drawn upon for the support of men out of employment because of a strike, lockout or other labor disturb-

ance. A member may be transferred from one society in his trade to another in a different section without losing any of his rights. Yearly dues per member were finally fixed at 4 to 10 crowns ($1.08 to $2.70) in 12 societies; 10 to 15 crowns ($2.70 to $4.05) in 14 societies; from 15 to 20 crowns ($4.05 to $5.40) in 4 societies, and 20 crowns ($5.40) or over in 4 societies. Weekly premiums commonly collected from members were 15 ore (4 cents), 20 ore (5½ cents), and 25 ore (6¾ cents), almost half of the societies using one of these three rates.

The following figures for the first eight months of the operation of the law show the financial conditions prevailing in 34 unemployment societies.

TABLE 141.—RECEIPTS AND DISBURSEMENTS OF DANISH UNEMPLOYMENT FUNDS FOR EIGHT MONTHS ENDING MARCH 31, 1908

Receipts (excluding state subsidy)

	Crowns
Dues from regular members	288,161
Dues from special members	11,992
Gifts from trade unions	19,180
Interest on capital	1,556
Other income, fines, etc.	7,452
Total income	328,341

Disbursements

	Crowns
Daily allowance in cash	206,020
Traveling benefits	4,548
Christmas benefits	3,454
Moving and house rents	1,772
Administration	30,509
Total expenditures	246,303

HOLLAND

At the present time, there is no general state provision for unemployment insurance in Holland, although there has been considerable activity in this connection. In December, 1896, a commission was appointed by the city of Amsterdam to investigate the subject. It was short-lived but its labors led to a second commission, which recommended the Belgian method as pursued in Ghent, of state subventions to trade unions introducing unemployment benefits. Following the commission's suggestions, most

of the larger cities are experimenting with unemployment insurance. In Amsterdam, Utrecht, Arnheim, Hiversum, as well as more recently in the Hague, funds have been voted on the Ghent plan, as subventions to trade unions.

The most interesting and successful of these ventures is in Amsterdam,* where, in 1907, eleven trade unions worked in cooperation with the authorities. The scheme was inaugurated January 1, 1907, and December 31 of the same year 3196 members were insured, each member paying a weekly premium ranging from three or four cents for printers to as much as 10 or 20 cents for those employed in the building trades, the amount depending upon local conditions within the various trades. Benefits were paid after six days' unemployment and amounted to a considerable part of the member's average wage, being from three to seven and one-half guilders ($1.20 to $3.00) per week for maximum periods varying from five to eight weeks. In order to receive them a member must have paid premiums for at least six months. The municipal subsidy amounted to 6000 guilders ($2400) for the year 1907, a sum about equal to the premiums paid. Labor unions must adopt rules, satisfactory to the Central Council, but otherwise the management is left entirely to the unions. These unions, unlike those in Denmark and Norway, are not obliged to insure workingmen who are not members.

In the other cities named, except in the Hague, much the same conditions prevail, the subvention in each case being about equal to the premiums paid by the members. In the Hague, the ordinance required the admission of non-union workingmen to the benefits of the fund. Few unions have acceded to this, and the plan has failed in that city.

It is the opinion of a competent student of this subject in Holland that an unemployment insurance system in that country could not cope with a labor crisis but that it might have advantages in providing against unemployment in seasonal trades. At the present time a compulsory unemployment insurance law would hardly appear to be feasible, but a measure is now before the Staten Generaal for the establishment of a state system, extending the existing plan throughout the country.

* For further discussion see page 372.

BELGIUM

Plans for unemployment insurance have been extensively developed in Belgium. As early as 1888, Liege made an effort to meet the problem for its least efficient workmen but the attempt was early discontinued. The system established in Ghent in 1901 is the most important example of unemployment insurance in Belgium and has become a model for efforts elsewhere, especially in France and Holland. In Ghent, a public subvention is made to such trade unions as will provide insurance against unemployment, but they must use the fund for such relief only. The amount of subvention is adjusted, first, according to payments made by the trade union, and second, by the condition of the unemployment fund. Maximum benefits of six francs ($1.20) per week are paid for not more than 60 days in one year, the contribution of the city not to exceed the sum granted by the society out of its own funds. In 1901, the amount paid by the town council of Ghent reached 10,000 francs ($2,000) a sum since raised to 20,000 francs ($4,000) per annum. The practical effect of the plan has been that trade societies have extensively developed unemployment insurance funds, about thirty unions of the most diverse types having taken advantage of it.*

The subvention granted by the state is also open to workingmen not connected with trade unions, who must, however, become members of a communal society. They need only procure a savings book and by a single payment of 50 centimes (10 cents) become members, and in case of unemployment, draw from the municipal fund on the same conditions as members of unions. This part of the system has not been very successful.

FRANCE

The development of the Ghent system of unemployment insurance early aroused much interest in France. Accordingly, the Minister of Commerce, M. Millerand, authorized the Superior Council of Labor in 1903 to investigate the subject, and to study the applicability of the method to conditions in France. The commission approved the system and presented a comprehensive program. On November 30, 1904, the Chamber voted 110,000

* For further discussion see page 373.

francs ($22,000) to subsidize insurance of this kind. The sum was to be divided among mutual societies of workingmen granting unemployment benefits.

The decree of September 9, 1905, later somewhat modified, arranged for putting these organizations on a better basis. The plan adopted differs from the Ghent system, in that the government funds are given directly to the societies, which retain their autonomy. They must, however, comply with certain definite conditions, as for instance, that of having at least 100 members of the same trade, and of maintaining free employment agencies. Societies grant such benefits as they see fit. The state on the other hand, plans its subventions on the assumption that each unemployed person will receive two francs (40 cents) a day as a maximum benefit for a maximum period of 60 days in any one year. The societies are not all treated alike; federal organizations whose activities spread over a large area are favored by the government and receive aid to the extent of 24 per cent of the benefits paid by them. Local societies, on the other hand, are left in a large measure to the communes, receiving from the state only 16 per cent of the sums they expend.

These societies, in most cases, are composed of from 100 to 500 members. In 1905, 47 organizations received subventions, in 1906, 64, and in 1907, 68. The number of days of unemployment for which benefits were paid amounted to 280,378 in the three years, and more than one member in five drew benefits. Of special importance were the federal associations of book-printers, mechanicians and lithographers which had, in 1907, 16,810 members. During the three years, they received 71,000 francs ($14,200) in subventions and paid 313,000 francs ($62,600) in benefits from their own funds. Small as this beginning is, it is founded on the encouraging principle of self-help and is confidently expected to aid materially in the solution of the problem of unemployment.

SWITZERLAND

There is as yet no federal provision for unemployment insurance in Switzerland. Much attention, however, has been directed to the subject, and what promises to be a satisfactory measure has been proposed and passed by the Council. This

provides for federal subsidization of all public cantonal agencies and of mutual associations for finding employment for workingmen. Subsidies covering management expenses are to be given, provided these agencies are general in character, cover all industries, and make provision for women as well as for men. They are expected to serve as a judicial body in the settlement of labor disputes. It will be some time, however, before this measure becomes a law.

The earliest effort to establish unemployment insurance in Switzerland was inaugurated in Berne in 1893, and the scheme then established, with some modifications, is still in existence and serves as an important example of its kind. It is carried on in close connection with the municipal labor registry, is under the control of a sub-committee of the latter, and is voluntary in character, except that municipal employes are required to insure in this fund. Its financial condition is not very sound, for out of 508 persons insured in 1907–1908, 233 or 46.7 per cent reported themselves as unemployed. The municipality makes good any deficits incurred.

Numerous other experiments in unemployment insurance have been made in the various cantons of Switzerland, the most interesting of these having been that undertaken in St. Gall. This was obligatory upon all workingmen whose average earnings did not exceed five francs ($1.00) and who were not insured elsewhere. The fund was created under a law passed by the Council of the canton in May, 1894, which empowered communal or municipal authorities to inaugurate compulsory unemployment insurance funds. The canton fund was conducted in connection with public employment bureaus, but after two years of varying success was discontinued. The failure was due to several causes: the difficulty of getting men to pay their dues; the fact that the unemployment fund was administered by the poor law department and therefore unpopular; but chiefly to the fact that the majority of those using the fund were the poorer workmen who contributed losses far beyond a fair average. Skilled workmen were largely insured against unemployment by their trade unions. No contributions were collected from employers.

In 1901, the Basel Labor Federation of trade unions established an unemployment fund, in which membership was open to

all workingmen living and employed in Basel, whether trade unionists or not. The funds were raised by (1) monthly contributions from members; (2) annual subscriptions from honorary members; (3) donations and voluntary contributions; (4) grants from trade unions; and (5) grants from the canton. The amount of pay during unemployment was determined by the committee in charge of the fund jointly with the unemployment committee. One became a full member only after he had paid contributions for six months and could not claim benefits until fifteen days after he had reported himself unemployed. This bureau was discontinued in 1907, and the plan has been entirely abandoned.

ITALY

No state provision for unemployment insurance exists as yet in Italy. A few trade unions, those of printers, lithographers and hat makers, for example, give benefits to their members during unemployment. More important, however, is the work recently inaugurated in Milan by the philanthropic organization, founded by the late Prosper Moise Loria, known as "La Società Umanitaria." This association, following the Ghent system, grants subventions to certain mutual societies, which furnish relief in case of involuntary unemployment. Only those societies, however, are subsidized which in addition to unemployment insurance, provide benefits for their members when in distress from any cause. The contribution by the Umanitaria is 50 per cent of the aggregate benefits paid by the societies, during unemployment, the sum not to exceed 50 centisimi (10 cents) a day for not longer than 60 working days in any one year. The Umanitaria may, in the course of the year, decrease its contribution to accord with the unemployment benefits paid and the available resources of the fund; no contribution is given to a society which furnishes relief in excess of 1.50 lire (30 cents) a day. The society began its work July 1, 1905, with 27 societies and 6449 members. At the end of that year, the societies had increased to 33, with a membership of 8363; in 1906, to 36 societies with 8913 members; and in 1907, to 46 societies and 11,944 members. The following data give a record of the operations of Umanitaria and of these societies:

TABLE 142.—MEMBERSHIP AND BENEFITS OF UNEMPLOYMENT DEPARTMENT OF UMANITARIA, ITALY, 1906 AND 1907

	1906	1907
Members drawing benefits	588	1477
Days for which benefits were paid	12242	36046
Benefits paid by societies (*Lire*)	15132.75	38805.66
Additional benefits paid by Umanitaria (*Lire*)	5827.75	17661.92
Total benefits paid (*Lire*)	20960.50	56467.58

GERMANY

In spite of the protection afforded men out of work, by sickness, invalidity and old age insurance, Germany is confronted by a serious unemployment problem. This, as in other countries, is in the main due to the shifting labor market and to the peculiar conditions of certain industries. Considerable attention has been directed to the solution of the problem by labor unions, which expend large sums annually for the relief of their members. There is, moreover, widespread activity in this connection on the part of labor bureaus, which have been established in nearly every large city under communal or semi-public auspices. Thousands of workmen have thus found employment every year, without charge.

Recently, however, several of the large cities, following the plan which originated in Berne, Switzerland, have established unemployment insurance funds in connection with the municipal labor bureaus. The most highly developed is in Cologne and has been in operation since 1894. It was founded by private charity and aided by municipal subvention; but its administration, now wholly in the hands of the city, is entrusted to a body of citizens, working in cooperation with the labor organizations. The executive committee consists of the mayor, the chairman of the municipal labor bureau and 24 elected members; of the latter, one-half are trusted workingmen and one-half honorary members, six of whom are employers and six neither employers nor employes. The fund is available for both skilled and unskilled workmen, who must be at least eighteen years old and physically able to work. Insurance is for one year, beginning on April 1, no new members being admitted after the first Sunday in June. Each

insured workingman pays contributions for at least 34 weeks, the unskilled at the rate of 35 pfennige (9 cents) and the skilled at 45 pfennige (11 cents) a week. Relief is granted only during the winter months, from December to March when unemployment is most probable and most distressing in its consequences. The insured are expected to make their small weekly payments in the period when they are likely to have work. Benefits are two marks (50 cents) per day, payable to members in good standing and beginning with the third day of unemployment. These continue for 30 days, after which period only one mark (25 cents) per day is paid, and those who receive as much as three-fourths of the maximum benefits in the course of one year, are limited in the following year to two marks per day for the first 20 days of unemployment, and to one mark for only 14 days additional. No benefits are paid for Sundays and holidays nor for unemployment resulting from sickness, invalidity, strike or fault of the workingman. The fund, through its connection with the labor bureau, endeavors to find work for as many of its unemployed as possible, who must present themselves twice a day at the registry and accept what is offered.

In the year ending March 31, 1908, 1,505 men were insured, of whom 399 were unskilled. The majority were between thirty and forty years of age and most of the trades were represented. Of the above, 1,382 remained insured up to the time when benefits could be claimed, and of these 1,127, or 81.5 per cent, were unemployed at some period during the winter. Employment was found for a total of 891 persons, or about 80 per cent, for an aggregate period of 20,042 days. Benefits were paid for 29,899 days, of which 18,770½ were at the rate of two marks and 11,128½ at one mark a day. The total cash benefits were 48,669.5 marks ($12,167.38). The portion of the benefits provided by the workingmen themselves amounted to 20,662 marks ($5,165.50) or 42.5 per cent of the total amount. The remainder was paid from voluntary contributions of honorary members and patrons and from the interest on the funds which on March 31, 1908, amounted to 136,259 marks ($34,065.75).*

* For further discussion see page 371.

The following table shows the operations since 1896.

TABLE 143.—STATISTICS OF THE UNEMPLOYMENT FUND IN COLOGNE, 1896–1908

Year	Number applying for insurance	Unemployed entitled to benefits		Number of days for which work was obtained by agency	Number of days, benefit paid	Total benefits (Marks)	Contributions of insured (Marks)	Per cent of contributions of insured to total benefits
		Number	Per Cent					
1896–97	220	96	72.7	2181	1408	2355	1000	42.5
1897–98	324	151	64.0	2646	2197	3485	2213	63.5
1898–99	347	144	51.1	2857½	2035½	3343	2444	73.1
1899–00	256	154	68.1	3708½	2772½	4708	2009	42.7
1900–01	571	441	82.3	6478½	12658½	19337	4561	23.6
1901–02	1205	842	76.2	15853	18258½	30046	12434	41.4
1902–03	1355	1008	79.7	28946½	16045½	28807	14388	49.7
1903–04	1624	1164	77.5	26715½	22910	39915	19772	49.5
1904–05	1717	1271	79.6	29648½	25034	42832	20782	48.5
1905–06	1610	1087	74.3	28714½	13414	23645	21681	91.7
1906–07	1255	980	84.8	18238	24086	40014	17194	43.0
1907–08	1505	1127	81.5	20042	29899	18669	20662	42.5

Leipsic has also established an insurance fund, in connection with its labor bureau. An interesting feature of this fund is that membership is open, not only to individuals, but to groups of workers. The former are divided into four classes, according to risk of unemployment, the weekly premiums being 30, 40, 50 and 60 pfennige (7½, 10, 12½ and 15 cents) respectively for each class. Benefits are 1.20 marks (30 cents) per week day. In group insurance, the premium is reduced to 10 pfennige (2½ cents) a week per member, the benefits being only 75 pfennige (19 cents) per week day. In either case, the age limit is between the age of seventeen and sixty and insurance must be in force for at least 42 weeks before benefits may be claimed. Unlike Cologne, in the Leipsic fund relief is not limited to any period of the year. The institution is still in its infancy and it is impossible to say if it will be successful. A similar institution has been established in Munich and more recently one in Strasburg. Reports from these and other quarters give the impression that employment insurance is practicable and that before long it will be undertaken

more generally throughout the empire. Much of the pressure upon the sickness insurance societies in times of general unemployment would thereby be relieved.

Leaders of the Social Democracy, who are extremely active in the campaign for the establishment of unemployment insurance funds, urge that this work should be done by the state and communes, through labor unions, and that as in other forms of insurance, prevention should be the watchword. The state and communes, moreover, are urged to provide for public works during seasons of the year when other labor is not to be had.

AUSTRIA

No effort of any note has as yet been made to establish unemployment insurance in Austria.

COMPLETE INSURANCE SYSTEMS

XVII

TENDENCY TOWARD A COMPLETE AND CONNECTED SYSTEM OF INSURANCE FOR WORKINGMEN

IN all countries of Europe, the beginnings are readily discernible of a movement toward a complete and connected system under which workingmen will be insured against all contingencies where support from wages is lost or interrupted by any cause other than voluntary cessation of labor. In Germany, as has been shown, much the greatest progress has been made toward the realization of this ideal. This was, perhaps, to be expected, in view of the fact that legislation of this type was first enacted there. It is quite as much due, however, to two other circumstances: the characteristic thoroughness of the German people, and the manner in which the original conception of Bismarck has been wrought out by the German authorities.

In civilized countries, workingmen and their families are not permitted to starve when the support of the wage-earner is withdrawn. The state and society now make provision for their support in various ways. If this provision is made so as to distribute the burden more equitably, to place the responsibility for conditions where it belongs, to encourage prevention by giving a strong financial incentive, and to preserve instead of to destroy self-respect and moral worth, no economic waste will follow, since the cost will be as before; and there will be much valuable economic salvage and also enormous social advantage.

Where a portion only of the entire insurance system is introduced at a given time, other conditions remaining as before, it is inevitably found that the scheme does not wholly fit in with existing agencies. A good instance of this is the manner in which the Workmen's Compensation Act, conceived and carried

out on lines of individual responsibility of employers, has interfered with the growth and financial prosperity of the friendly societies of Great Britain. On a purely voluntary basis these societies had reached great proportions and were supplying several millions of families with the means of support during the disablement of the wage-earner, whether caused by accident or disease. Duplication of protection referred to, it will be remembered, has discouraged workingmen from joining, because they claim they will not become sick except through accident or occupational disease. Moreover, it has increased simulation, because disabled workingmen receive compensation from their societies and also through the Workmen's Compensation Act.

Another instance of such interference is offered by the Old Age Pension Act of Great Britain. Annuities payable in old age or in event of disability by old age are given both by the state and by the friendly societies. It is expected, therefore, that this act will have a discouraging influence upon applications for membership in these useful societies, and again that there will be doubling of benefits. The effect will not be so pronounced in this instance, since the provision limiting old age benefits to persons not in receipt of an income from other sources exceeding a certain amount, will prevent duplication to some extent.

The proposed provision for compulsory insurance against unemployment, which is now under consideration in Great Britain, will also interfere with the operation of existing agencies; for such insurance is now furnished their members by most of the trade unions and by some of the friendly societies.

Under all laws, except under those which provide for compulsory insurance, there is in a greater or less degree failure to attain the full purpose of legislation. Complaints are made that employers sometimes fail, and so deprive insured workmen and their families of receiving the benefits provided by the Workmen's Compensation Act; that settlements by insurance companies are unfair; that discrimination has arisen against certain individual workmen and even against whole classes, particularly those above a certain age. The first defect has been remedied in part in France, through the introduction of supplementary compulsory insurance, by means of which benefits are paid

when employers, or the companies in which workingmen are insured, do not meet their obligations; and in Denmark, the state monopolizes the adjustment of claims and requires employers and insurance companies to accept its determination both of the fact of liability and of the amount. Even these, however, are only partial remedies and of restricted application.

Economic waste also occurs in the operation of voluntary systems, owing to the fact that soliciting agents must be employed. This might be reduced, but certainly not wholly eliminated, if there were compulsion but a choice of companies.

Another feature due to the lack of completeness and coordination of insurance systems is simulation and malingering. These evils are as great under a compulsory as under a voluntary scheme and are largely the result of "out-of-work" conditions, and would nearly if not entirely disappear with the introduction of insurance against unemployment. As has been said, it is the almost universal testimony of those in charge of sickness insurance societies that in times of unemployment a large increase occurs in the demands made upon their funds, due in part to simulation, and in part to applications from workingmen, who have been physically unfit but who have kept at work as long as they could obtain it. Again, where compensation statutes have been enacted, duplication of benefits occurs, because when workingmen purchase life insurance they obtain protection against death by accident.

Some very peculiar conditions are created by this absence of a complete insurance scheme. In Great Britain the recent Old Age Pension Act provides for a pension at seventy. Invalidity, ordinarily ascribed to old age, may however begin at a period much earlier than seventy, and in fact, total and permanent disability, not traceable to industrial accident or occupational disease, is occasionally found at all ages. In consequence, the government will be compelled to provide for total and permanent disability at all ages by a compulsory contribution scheme such as is now planned, or else to yield to a demand that old age pensions should be granted at sixty-five or even as early as sixty.

In France, the idea of an old age pension law was not at first well received, owing to the practice there in vogue of provid-

ing for old age by the accumulation of funds for the purchase of annuities. Neither would such a measure have proved acceptable unless it had covered total and permanent disability beginning at an earlier period. Accordingly, arrangement was made for a pension to be paid by the state and the communes jointly, commencing at seventy or at any prior age in event of total and permanent disability. This measure, as we have seen, has now been supplemented by a most comprehensive obligatory old age and invalidity pension law. It would be possible to multiply these instances if necessary. It will perhaps suffice to say that, even if at first the desirability of installing a well organized insurance system is not recognized, once legislation of this character has been introduced an almost irresistible force impels its extension and development. The goal seems to be a perfected system under which it will not be possible to find a workingman or his family in distress, because of temporary or permanent cessation of wages, except as the result of his own wilful act.

As has already been shown, the greatest development in this direction has been in Germany. It is sufficient here to restate as briefly as possible the main features of the German system.

First, compulsory insurance against sickness in societies of a democratic type, subject to the control of their members. Employes contribute two-thirds of the entire premium income and employers one-third, out of which the cost of medical treatment, medicines, hospital treatment, if necessary, and a daily sum of one-half the wages usually earned, are paid during the first 26 weeks of disability caused by sickness, and during the first 13 weeks of disability caused by accident. Membership in these societies is obligatory upon all wage-earners. A choice is open to workingmen from among several classes of societies; namely, private sickness insurance societies, (to which the employer, however, is not obliged to contribute); establishment funds connected with particular factories or employers; trade societies, such as exist among the iron trades or are carried on by labor unions; and communal or local societies which must receive everybody not insured elsewhere. The compulsion rests upon the employers, who must see that the contributions of their employes as

well as their own are paid. Failing this, the communal sickness insurance society will perform its part precisely as if the employe had been a member and will collect from the employer the benefits paid and all the back premiums due, both from the employe and from the employer, together with a fine which may in case of contumacy be pretty large.

Second, having by their contribution to sickness societies rid themselves of a portion of their legal liability for the consequences of industrial accidents, employers are next required to insure in mutual companies, composed of employers of the same general class, against liability for the consequences of industrial accidents extending beyond 13 weeks. These mutual companies adjust all claims, fix all rates of premiums and otherwise conduct their own business, subject only to supervision of the government. Benefits are paid in periodical instalments to the injured workingman if he continues disabled beyond 13 weeks, throughout the entire period of his disability, and to his widow during her widowhood. His orphans receive pensions until they reach the age of fourteen, and longer if, because of feeble-mindedness or physical incapacity, they are not capable of self-support. Provision is also made for dependent parents and grandparents.

Third, a workingman disabled otherwise than by industrial accident, remaining partially or totally incapacitated longer than 26 weeks, is cared for by the invalidity insurance carried on by the government, which maintains a fund in each of a large number of districts, usually comprising a kingdom of the empire. Provision is made according to certain fixed rules not dependent upon the rate of wages previously received, but upon the length of time for which the insured has paid premiums for disability insurance, benefits continuing throughout the lifetime of the permanently disabled workingman. Included in disability insurance is old age insurance. Under the law the attainment of the age of seventy is taken as evidence of permanent and total disability and the septuagenarian workingman is automatically entitled to a certain maximum income, if he has paid all premiums on his invalidity insurance. Toward this maximum income the government makes a small contribution annually in addition to what is paid

from the invalidity insurance fund. This is the sole contribution of the German government to benefits payable under any portion of its scheme for the support of workingmen and their families. In all other branches, it defrays at most the expenses of supervision, deciding appeals and collecting statistics.

At the present time, the government has before the Reichstag a proposal* planned on lines similar to the invalidity insurance scheme, for providing annuities to widows and orphans of workingmen whose deaths are caused otherwise than by occupational accidents. Cost of these annuities, as in the case of invalidity insurance, is to be met one-half by the employer and one-half by the employe, and is to be taxed upon all employes whether men or women, married or single. Unlike benefits to orphans under the employers' liability insurance laws, none will be payable to illegitimate children. If the present program is carried into effect it should encourage marriage and the birth of children in wedlock, since unmarried men and women must pay their proportionate part of the cost, and yet are excluded from any direct or indirect share in the benefits until married.

This German program comes nearer to a complete and perfected scheme of social insurance than any planned or proposed elsewhere. Austria, however, as has been shown, is contemplating very nearly the same thing.

Insurance measures proposed in the near future in Great Britain are also worthy of recapitulation. At the present time there are but two forms of workingmen's insurance legislation in that country; namely, the Workmen's Compensation Act, providing for the payment of a lump sum in event of death by occupational accident or disease, and payment of weekly benefits in event of total or partial disablement, whether temporary or permanent, because of occupational accident or disease, for which the employer is held primarily and immediately liable; and the Old Age Pension Act, insuring a pension for all, except criminals and paupers, who attain the age of seventy and do not enjoy an income from other sources greater than a certain sum. It is now proposed to provide for sickness and temporary or permanent disability, whether total

* For complete statement of proposed plan, see Chapter XVIII, The Reform Project in Germany, p. 406.

or partial, arising from causes other than occupational accidents or diseases, by some means which will utilize friendly societies and the insurance facilities of trade unions and which will call for compulsory contributions both by employers and employes.

A scheme of insurance against involuntary unemployment is also under consideration, to be carried on by means of funds under state supervision. These are to be collected in certain districts and disbursed there, unless a surplus exists in one district that can be drawn upon for deficiency in another. These funds are to be supported by compulsory contributions from employes and employers, with a subsidy from the state, the latter becoming responsible for supervision and management.

England is here in advance of Germany, and excellent as the latter's system of protection is, much remains to be done before it will be complete. Thus, for instance, unemployment insurance on a compulsory basis has not yet been brought forward for the consideration of the Reichstag. But, as said above, wherever the new principles have been accepted and initial legislation introduced, the tendency is toward a correlated system. It is now conceded by statesmen and men of affairs in nearly all countries, many of whom were at one time much opposed to anything which savored of compulsion, that it is to be desired as well as expected. So remarkable has been the development of the "compulsory" insurance idea in Europe even within the last five years, that more than a passing word of explanation is necessary, particularly in view of the absence of a clear understanding of the subject in the United States.

In Europe, particularly in the Germanic countries, compulsion is not a code of mandatory laws but the highest development of an ethical principle. "Compulsion" or, to use a better term, "obligation" in Germany and Austria, in Luxemburg and in some of the other more northern countries, implies the recognition of a responsibility which rests on all citizens alike; namely, the responsibility of providing against the ordinary risks of life. Obligation, as understood by the more enlightened in these countries, is not coercion. It is not a policeman with his club. It is not a form of benevolent paternalism foisted on an unwilling public by the powers that be, and made

possible by centuries of education in military discipline and obedience. Mandatory legislation is not an attribute of a monarchical or despotic form of government. It is known even in a republic. In fact, it is fundamental in our theory of government that the minority must bow to the will of the majority in all that affects the common welfare. The essential difference between the United States and countries in which compulsory insurance has obtained a foothold is the absence of recognition of any need for this form of protection for its inhabitants, and particularly for those nearest to the border line between economic dependence and economic independence.

In certain instances we have adopted the compulsory principle in our own legislation. Under the laws of nearly all states the support of wife and children is made obligatory on the husband and father. Deliberate neglect of this obligation is classed as a misdemeanor and in one state at least, abandonment of children by the parent and neglect to support them has been made a felony. There are many statutes which direct the acts a citizen may perform, but there are as many others which explicitly forbid other acts of commission or omission. The police laws of most states restrict individual action within certain definite limits, and forbid voluntary initiative which may adversely affect public health, public safety or the public weal. Laws are daily being enacted, miscalled socialistic or paternal, which on closer analysis are found to be no more than an expression of intention on the part of the state to safeguard the welfare of all citizens, irrespective of their economic status.

Fundamentally, no more than this has been done in Germany and other European countries which have introduced compulsory insurance. These have recognized that there are risks in life, common to all workingmen, against which it is impossible for the individual alone to make provision. Only by the transfer of this risk from the shoulders of the one to the backs of the many and by placing the burden of cost where it should rest, even though this involve the industry itself, can equilibrium be maintained. In other words where we, after an observation of a century, and England of several centuries, have grudgingly admitted the desirability of protection through insurance,

and through legislation have permitted individuals to avail themselves of the benefits of it, Europe, as typified by Germany and her sister states, has boldly declared the urgent need of this protection, not for the few but for all of its working population, and by legislation has required its workingmen to partake of it, and its employers to bear their just share of the cost.

So much for fundamentals. In actual practice, Germany and her followers have gone still further. Not only has the need of insurance for the great body of wage-earners been recognized and incorporated into social legislation, but in addition thereto, the methods under which this protection shall be afforded have been definitely laid down. Possibly here may be found the weakness of the system from the American standpoint. A prescribed method of administration which in the minds of many might allow for no liberty of action, and in its final development may become bureaucratic and oppressive, might, perhaps, not be welcomed by employers in the United States.

There are side lights on the situation in Germany and other countries. Not the least interesting of these are the significant remarks made by Dr. Zacher, the well known authority on workingmen's insurance, in his report in 1908 to the International Congress on Workingmen's Insurance at Rome. After summarizing the results of twenty-five years of legislation in Germany Dr. Zacher concludes with what may be termed a hope that the future development of workingmen's or social insurance may combine the German principle of compulsion with the Roman principle of liberty. To quote from his report:

"Regarding the advantages and disadvantages of the two systems, there are still wide differences of opinion. It was said with much justice at the Congress held in Vienna in 1905, by Leopold Mabilleau, who, for many years, has been the exponent of the Roman principle of liberty, that from the ethical standpoint it were far better for the individual to insure himself voluntarily than to be driven to insurance; that voluntary insurance in contrast to compulsory insurance is in a better position to meet personal, local and occupational differences and that abuse is less likely to occur. With equal justice, however, Schmoller and others have shown that voluntary insurance exerts its influence mainly on the intellectual and better circumstanced

strata of society but rarely on the lower strata who most require it. It is these latter who need the educational value of insurance and since they do not obtain it under a voluntary system the practical results are behind those of compulsory insurance.

"The question arises, therefore, whether it would not be possible in the subsequent extension of insurance to all classes of society that need this form of protection, to combine the best elements of the German principle of compulsion and the Roman principle of volition into a higher and better form of insurance than either has yet reached.

"In general, the opinion prevails in Germany, as a result of the compulsion which has been tried there, that obligatory insurance should be limited to the 'unselbständige'; that is, it should include all wage-earners, clerks, etc., having an earning capacity yearly up to 3000 marks, but that all other persons receiving a salary up to 5000 marks should be insured on the voluntary basis. It does not seem desirable to have a compulsory form for this stratum of society. Social insurance based on this idea would have approximately the following form:

"1. Workmen: compulsory insurance without regard to the amount of wages.

"2. Clerks and home industrial workers: compulsory insurance up to 3000 marks annual earnings; voluntary insurance up to 5000 marks.

"3. Small contractors, journeymen, etc.: voluntary insurance up to 5000 marks.

"Such insurance, since it would include the dependents of the insured, would cover the larger percentage of the population and could rightly be called people's insurance (Volks-versicherung). The social and economic value of this insurance would be materially increased, if to those who are compulsorily insured, the principle of 'state-help towards self-help' were to be more largely applied and if assistance were given to voluntary insurance associations through subsidies and contributions, either from the state or from private individuals. It is precisely because the German compulsory system includes the employers and removes from the employes the larger part of the cost of the insurance, that the German workingmen are in a position to develop a much finer form of insurance than that of their fellows in other countries."

The Congress at Rome will be memorable in the annals of workingmen's insurance. One session in particular was dramatic in its intensity. In some respects it resembled an old-

fashioned religious revival meeting. Doughty campaigners like Luzzatti of Italy and Mabilleau, Millerand and Paulet, of France, who at previous congresses had fought persistently for the principle of voluntary insurance, as applied to sickness, old age, and invalidity, admitted their conversion to the doctrine of compulsion or obligation. But their change of heart ended here. Having acknowledged the weakness of every voluntary system, owing to the fact that the masses of population are not reached, each of the speakers demanded that in any compulsory system of insurance the greatest liberty should be permitted as to methods of administration.

XVIII

THE REFORM PROJECT IN GERMANY

DESPITE the wide development of workingmen's insurance in Germany, the insurance authorities have been engaged for years in planning improvements in the system. At the present time, they have presented to the Reichstag a proposed new code of laws covering the existing branches of insurance and extending the field in various directions. The bill makes a large volume containing no less than 1,783 articles. It will, therefore, be possible only to summarize the more important modifications which the project proposes.

The government has finally abandoned the idea of uniting into one system the three types of insurance; namely, that against sickness, accident and invalidity. It recognizes the necessity of maintaining the independence of the different insurance institutions which have, over a long period of years, adapted themselves so completely to the needs of workingmen and employers. It has attempted, however, to obtain more co-operation among the different organizations by simplifying the complex administration and organizing one central system of control. With this object in view, the bill creates one set of insurance authorities throughout the country for all types of insurance. These consist of local offices, superior state offices and the imperial office.

Local offices regulate local insurance affairs and may be attached to communal or national administrations or may act independently. As the first method is more economical, it will probably be preferred by the various states. Each local office is presided over by an administrator of insurance (Versicherungs-Amtmann) who is a public official. He is to be assisted by a board of ten representatives of employers and ten of workingmen, the latter elected by the directors of sickness societies of the district. Service on these boards is obligatory. In addition, each local

office is to have a judicial commission whose function it will be to decide upon matters referred to it by imperial order or by law. These commissions are each composed of the president of the board, two employers and two workingmen. There is also to be connected with each office a committee for the adjustment of disputes between sickness societies and their physicians, dentists and druggists. These local boards have most important responsibilities. They exercise control over sickness societies and settle all disputes arising in their administration. They also fix the amount of pensions and decide upon the modifications or discontinuance of pensions for accidents, for invalidity or to widows and orphans They receive applications for pensions, examine and discuss them verbally with the applicants, aiding the latter with counsel and recommend to the insurance society concerned the specified amount of benefit to be paid. Their decisions as to pensions, however, may be appealed to the superior state insurance offices. Expenses of the local offices are borne in part by the communes and in part by the three groups of insurance societies and associations of the district.

The superior insurance offices which take the place of the former "arbitration boards" may be established as independent bodies or may be attached to the state administrations. Each office is composed of a director appointed for life with at least one permanent member assisting him. These are aided by representatives of employers and workingmen in equal numbers elected by the boards of the local offices. The superior office entrusts its work to committees each composed of the director or the permanent member and of four representatives of employers and workingmen. These decide on special matters which come up for decision and appeal from the local offices of the state. Expenses of the superior offices are borne by the state and the insurance societies and associations. Decisions rendered by the various committees of the superior offices are, in the large majority of cases final. In case of sickness, for example, no further appeal is allowed in all matters in which the amount of benefit is involved. In cases of accident, decisions are final in matters of temporary indemnity, pensions to survivors, small pensions or expenses of procedure. In case of invalidity and of widows' and orphans' pensions further

revisions are excluded when it is a question of the duration or of the amount of pension, of the redemption of contributions, of benefits to widows and orphans. Considerable relief, therefore, will be afforded the Imperial Insurance Office.

The imperial body will be concerned with none of the smaller details of appeal as heretofore, but rather with the interpretation of the law and the more important financial matters. This insurance office is to be constituted as at present; i. e., of active and associate members the latter representing both employers and workingmen.

The most important modifications are proposed in the field of sickness insurance. The bill extends obligatory insurance to agricultural laborers and managers, farm hands, domestic servants state employes, laborers wth irregular employment, peddlers, druggists and drug clerks, stage and orchestra members, teachers and tutors; in short, to all whose wages or salary do not exceed 2000 marks ($500) a year. In addition, it grants to the Federal Council the right to extend insurance to certain callings and in certain districts, to include employers who do not regularly employ at least two persons obliged to insure.

The sickness insurance societies are to be completely reorganized. Communal sickness insurance societies (Gemeindekrankenkassen) are to be entirely abolished. In their place, imperial sick clubs (Landkrankenkassen) are created to serve the large group of workers, i. e., those engaged in agriculture, domestic service, etc., newly included by the law. These societies together with the recognized local sickness societies (Ortskrankenkassen) are to serve as authorized agencies of sickness insurance. It is planned at the same time to preserve such of the existing communal societies as have a large membership and are of recognized efficiency. These must have at least 500 members each and must grant benefits fully equal to those which the imperial sick clubs guarantee. The state may also, in certain cases, demand that a local club contain a membership of at least 3000 and in some instances of at least 10,000. This would destroy 90 per cent of the communal societies. It is likely, therefore, that the proposal will meet with strong opposition.

Factory sick-clubs (Betriebskrankenkassen) are also much restricted. The existing societies may continue if they have a

membership of at least 250 and grant benefits fully equal to those given by the imperial sickness societies. New ones may be created for at least 500 workers but the state may reduce this number under certain conditions. The large majority of these societies will be unable to meet these requirements and will, therefore, completely disappear.

The trade-guild sickness societies (Innungskrankenkassen) are not much changed. No minimum of membership is imposed upon them, but they, too, must give as large benefits as the imperial societies. Miners' sickness societies are unaffected. Mutual aid societies (Hilfskrankenkassen) are hereafter to bear the name of subsidiary sickness societies (Ersatzkrankenkassen) and may continue to insure against sickness, but under conditions much more restricted than heretofore.

In accordance with the general tendency toward the centralization of sickness societies, the bill specially encourages the union in each district of separate organizations into one large society. The government hopes in this way to avoid the weakness of the small competing societies and to encourage the formation of large and powerful associations, such as are in operation in Leipsic and Dresden. In general, all sickness societies must hereafter furnish the same benefits which are now granted by the local societies. The only exception is in regard to those classes of workingmen to whom insurance is newly extended by the project. Thus, agricultural workers may receive reduced benefits from October 1 to March 31, premiums for the same period being correspondingly reduced. In the case of domestics, the employer is required to pay wages during the period of illness of the insured and may deduct the amount of sick benefit from the wages. Similar restrictions are made in the benefits of other classes. In response to the active campaign for maternity insurance, the project extends the period of benefit to women in confinement from six to eight weeks. Of this period, six of the weeks during which benefits are paid must be after child-birth. Sickness insurance societies are also permitted to expend part of their funds for education in prevention of sickness and accident.

The management of the sickness societies is also put upon an entirely new basis. The unequal representation of employers

and employed, i. e., two-thirds of the former and one-third of the latter, is to be discontinued. Equality is to be established both in this matter and in the payment of premiums. Each is to pay half. Instead of the former general assembly, there is to be a board of directors composed of 50 members, 25 representing employers and 25 representing employes. Acceptance of office and performance of duties are obligatory. The presiding officer of the board of directors is chosen from and by the members of the board and must receive a majority of votes of the representatives of both employers and employes. If two successive ballotings do not result in an election, the local insurance office may designate one of its own representatives who will preside until a satisfactory election shall have taken place. By this means it is expected that the recent socialistic tendencies in the administration of sickness societies will be checked. As has been pointed out, employers and employes are to contribute equally. Premiums are to be calculated in general, according to the occupation of the member, with special reference to the danger of sickness of his class.

The measure regulates in detail the relations between the sickness societies and physicians and druggists. Free choice of physician is permitted, but as in the present law, the board may appoint physicians or permit limited free choice. When the choice seems too limited, the superior insurance office has the power to increase the number of physicians and druggists. Any disputes arising between the sickness society and physicians or druggists, are settled by the committee of arbitration of the local insurance offices, and if still dissatisfied, either party may carry the matter to the arbitration committee of the superior insurance office.

Few modifications are made in the existing accident insurance law. Those engaged in construction and hydraulic work, now protected by a special law, are hereafter to come under the general law. Insurance is extended to those engaged in storage, in trucking, to owners of riding academies and livery stables and to keepers of vehicles of all sorts. In general, it may be said, that all wage-earners are to be obligatorily insured except those engaged in office work or as traveling salesmen.

Another important modification of the accident insurance law is the elimination of small permanent pensions. Those, for example, which amount to less than one-fifth of the earnings must be paid only for a given time and then be automatically discontinued. In order to prevent the injured from drawing accident benefits in addition to wages, benefits are withdrawn in cases where the total income of the injured workman is more than it was before the accident. He must also accept employment when offered him, at work which he can perform. The long standing complaint of workingmen that the determination of the amount of pension in the first instance is made entirely by employers is remedied under the proposed law. Compensation is to be fixed by the local insurance offices, in which representatives of the workingmen have an equal voice.

The most significant change is with reference to the financial management of the mutual associations of employers. Each association must form a reserve fund. This is to be accumulated in accordance with the provisions of the law of 1900 so that at the end of twenty years, the total assets shall be three times the amount paid in annuities. The state also demands that at least one-quarter of the capital of the associations be invested in federal or state securities. No capitalized value reserve is provided for.

Insurance against invalidity and old age is extended by the project to include insurance for widows and orphans. By this means, a workingman will be enabled, through the payment of a small additional sum to his premium for invalidity and old age insurance, to protect his wife and children in the event of his death. A widow's pension is to be paid only if the husband had completed the waiting period necessary for the receipt of an invalidity pension and if the widow herself is incapacitated. Pensions to orphans are granted to legitimate children under fifteen years of age. These pensions to survivors are paid only in case of indigence and can be withdrawn as soon as this condition ceases. A pension to a widow, moreover, may be withdrawn when she is no longer incapacitated and medical treatment may be given in order that her invalidity may be terminated.

The total pensions given to all the survivors of an insured workingman must not exceed a sum equal to one and one-half times the invalidity pension which he was receiving or would have re-

ceived had he been disabled. When orphans are the only survivors, their total pension must not exceed the amount of the invalidity pension of the deceased father. The individual pensions are, therefore, much smaller than the invalidity pensions of workingmen. They are composed of an imperial subvention, of a fundamental or basic sum and of additional bonuses proportionate to the contributions of the deceased. The imperial subvention is equal to 50 marks ($12.50) yearly for each widow's pension and to 25 marks ($6.25) for each orphan's pension. The fundamental or basic sum plus the proportional bonus for the widow are equal to three-tenths of the corresponding parts of the invalidity pension which the insured was receiving or would have received at the time of his death. The pension for orphans is equal to three-twentieths of the basic sum and the bonus, combined, of the invalidity pension of the deceased for one orphan, and to one-fortieth for each additional orphan.

The project will also encourage married women to insure voluntarily against invalidity and widowhood for additional amounts. If a woman thus insured has made sufficient payments to meet the required waiting time for an invalidity pension, she would, if incapacitated, receive, at the death of her husband, a much larger sum than that granted as a widow's pension. In such a case, however, the regular widow's pension to which she is entitled would not be paid in addition to her invalidity pension; but in its stead she would receive what is called widow's aid (Witwengeld). This consists of a lump sum equal to twelve monthly payments of the widow's pension of her class and 50 marks ($12.50) additional from the state.

The law also permits widows to make special provision (Waisenaussteuer) for their orphaned children. Through small contributions for each child who has reached the fifteenth year, they can provide small dowries for girls or endowments for boys when the latter quit school and wish to take up a trade. These benefits amount in each case to eight monthly payments of the regular orphan's pension to which the child is entitled and an additional contribution from the state of 16⅔ marks ($4.16).

A widower whose income is below a certain sum may also receive a pension at the death of his insured wife if the latter,

because of her husband's invalidity, supported the home by her earnings, provided she had paid contributions for the proper waiting time. After her death a pension is also given to her orphaned children until they are fifteen years of age if the family income is below a certain sum.

As has been pointed out, the receipt of the above benefits is conditional upon an increase in the premiums now payable for invalidity and old age insurance. The following figures show the necessary total contributions (employers and workmen each paying half) covering invalidity, old age, and widow's and orphans' insurance, for each one of the five wage classes at present recognized in the invalidity insurance law.*

TABLE 144.—PROPOSED CONTRIBUTIONS FOR OLD AGE AND INVALIDITY INSURANCE IN REFORM PROJECT, GERMANY.

Wage Class	*Wages (Marks)*							
I	Up to	350:	16	pfennige	per week	instead	of	14
II	351– 550:	24	"	"	"	"	"	20
III	551– 850:	30	"	"	"	"	"	24
IV	851–1150:	38	"	"	"	"	"	30
V	over 1150:	46	"	"	"	"	"	36

An attempt was also made to extend old age and invalidity insurance to workingmen receiving larger wages, and to give them larger benefits. The project does not incorporate this suggestion but instead makes possible the increase of pensions to the classes already insured through the payment of additional voluntary contributions on their part. The unit of the additional contribution is one mark and for each individual stamp of this value, the amount of two pfennige is granted as a yearly additional sum payable for as many years as have passed from the purchase of the stamp up to the beginning of invalidity. If, for example, one should pay one mark (25 cents) every month from the twenty-fifth year of age and invalidity should begin at the age of fifty-six, the supplementary pension would amount to 119.04 marks ($29.76). Should the invalidity begin at the age of sixty-five and no further payments be made after the age of fifty-six, the supplementary pension will then amount to 186 marks ($46.50). If the additional pension is not larger than 60 marks ($15) the person entitled thereto may receive the value of the same in one lump sum.

* See Old Age and Invalidity Insurance in Germany, page 348.

XIX

THE REFORM PROJECT IN AUSTRIA

FROM the preceding sections on accident, sickness, and invalidity insurance, it is clear that the Austrian system of obligatory insurance is far from complete. This has been recognized for many years by the authorities as well as by the public at large and an active campaign has been carried on to secure its extension. After considerable investigation, the government on December 9, 1904, presented a measure to the two chambers of parliament, which, though modestly entitled A Program for the Reform and Development of Workingmen's Insurance, is an elaborate project destined, after further development, to replace the several laws now in force. In its present form, the plan includes revisions of the existing systems of sickness and accident insurance and an entirely new plan for invalidity, old age and widows' and orphans' insurance. It is assumed that these three types of insurance will remain distinct throughout, each under its own organization.

In the field of compulsory sickness insurance, public opinion has demanded the extension of the system to include agricultural workers, servants, persons engaged in home industries and in the smaller industries. The reform project has been compelled, however, to make several important restrictions. It includes all regular wage-earners and excludes many other classes. Thus, all whose monthly salaries or wages are over 200 kronen ($40) or whose annual salaries are over 2400 kronen ($480) are excluded, as are also the temporary employes, and farmers and foresters not subject to the regulations of domestics. In spite of these limitations, it is hoped that the reform will comprise fully 5,200,000 persons in place of the 2,800,000 now included, and will offer facilities for voluntary insurance to the classes which are not required to insure. The administration aims to limit the es-

tablishment of new sickness insurance societies and to create larger and more efficient organizations embracing several districts.

The reform scheme further proposes to abolish the present system of minimum benefits and replace it by definite benefits, fixed by law, which shall be the same for all societies and all trades. It creates a single standard for the calculation of premiums and benefits by establishing a system of six salary classes for the different types of insurance. These have already been given in the section on Invalidity and Old Age Insurance of employes in offices (Privat Beamten) and need not be repeated here.* As a consequence, sick benefits will be determined easily and accurately on the basis of the earnings of the insured.

In view of the proposed extension to include invalidity and old age insurance, the idea of increasing the benefits for sickness insurance has been abandoned. It may be possible, however, under the new system to increase the obligatory benefits, especially those granted to families of members and for the care of convalescents. But these additional benefits can be given only if, as in Germany, a special reserve fund is created from the additional contributions of the members themselves. The period of payment of sick benefits is extended to one year.

The reform scheme attempts also to regulate the relations between sickness insurance societies and physicians, druggists, and hospitals. It permits the societies either to engage physicians themselves or to allow members free choice. Societies will pay the hospitals according to a fixed tariff, but will have to turn over to them all benefits which they would otherwise have paid the beneficiary during the entire period of treatment.

No attempt at very radical changes in the financial conditions of the societies is made, the most important one being in the calculation of premiums, due to the division of members into the six salary classes referred to above. Contributions will be graded, according to certain factors, such as occupation and sex, which influence the amount of sickness; and in the future these contributions will be equally divided between employers and employes; instead of as at present, one-third and two-thirds respectively.

The reform aims particularly to make accident insurance

*See page 362.

effective in those industries attended with the greatest risks. Thus, miners, who have heretofore received but meagre protection under a special law, are now to be placed in the same category as other workingmen. Agricultural workmen, on the other hand, even when steam or other motive power is used, are to be excluded from obligatory insurance. In this, the reform satisfies most of the parties concerned, since agricultural establishments with such power have exhibited relatively large accident risks and only a relatively small number of workmen continuously employed. In addition, the privilege of voluntary insurance against accident, which the revision of 1894 made possible, is to be repealed, as it has not led to a wide-spread extension of the system.

The territorial plan of organization has been preserved. Although these institutions are thus far only moderately efficient, they are regarded, on the whole, as capable of attaining the end for which they were established. It is their plan of organization which is least approved. Want of a sufficient number of local offices has led to considerable inconvenience, especially in connection with the collection of contributions. To overcome this, it is now proposed to let sickness insurance societies serve as collecting centres. The most serious difficulty, however, is the lack of a final court of last resort for all litigants, the various territorial courts of arbitration having interpreted the law differently, even as to fundamental principles. This is not remedied.

Because of the short period of four weeks, at which time benefits under the present accident insurance law become payable, benefits of sickness insurance societies overlap those of the accident insurance institutions. This has aroused much dissatisfaction. The reform plan fixes a new waiting period, in making which the authorities considered two antagonistic demands. Workingmen desired the total suppression of the waiting period; employers, on the contrary, demanded its extension so that their accident insurance institutions might be relieved of the expense and trouble, as well as the cost of paying indemnities for disablements of short duration. This, they contended, would make them better able to meet the pensions of longer duration. The reform is in agreement with the employers' views, and makes the waiting period one year during which time medical attendance and sick benefits

are to be supplied by the sickness insurance societies. Workingmen under this plan will thus carry a considerably larger share of the cost of accident insurance. The employers' contribution to the sickness insurance societies will be one-half instead of one-third of the entire cost as formerly. Previous experience in Austria and Germany indicates that this increase of contribution should about equal the amount which the employers save under the new plan.

While in general the reform program does not aim to increase benefits, these are nevertheless augmented in some cases. Persons who are paid little or no wages, such as apprentices, for example, will receive benefits on a minimum basis. In case of total invalidity and complete destitution it is proposed to increase the pension one-half. Full pensions are to be awarded, also, to convalescents not completely incapacitated, if necessary to aid them to recover their health. Surviving brothers and sisters and grandchildren also may, under certain conditions, be entitled to pensions.

The change from the present system to that of the six wage classes will lead to some alterations in the amount of pensions, but will not, on the whole, affect the general average. Another change consists in the establishment of four degrees of pensions in cases of partial invalidity resulting from accidents. These are $\frac{1}{3}$, $\frac{2}{3}$, $\frac{3}{3}$, and $\frac{4}{3}$ of the full sum respectively. As desired by accident institutions, the project admits in principle the payment of lump sums instead of small pensions, when the pensions would be less than one-fifth the wages of the insured. The plan also contemplates a modification of great practical importance by which pensions for partial invalidity will hereafter be valued according to the degree of injury suffered and not as heretofore on the basis of the impairment of the wages of the injured workman. The program further permits insurance institutions to undertake the care of the injured during each phase of his medical treatment. On the other hand, it has not extended the operations of these institutions to the field of prevention of accidents. This is due to the fact that the territorial accident insurance institutions do not seem able to undertake this task as well as the German trade associations composed of employers of homogeneous classes.

Austrian legislators have always regarded the prevention of accidents as work for the police and the government authorities, aided by the factory inspectors. The Minister of the Interior, in a decree issued on May 13, 1900, appointed a technical commission for the prevention of accidents which has the administration of this important subject in charge.

The system of capitalized values with fixed premiums which has been the basis of Austrian accident insurance from the beginning, is preserved intact in spite of considerable opposition, the authorities strongly preferring it to the German plan.*

The one new section in the program of reform is that of insurance against invalidity and old age for workingmen in general. Because of the absence of this branch of insurance in the present system, this part of the plan meets with the approval of all concerned. The measure is modelled upon the German law, and includes insurance for widows and orphans. It is, however, chiefly an invalidity insurance law, the pension for old age being nothing more than an invalidity pension with the requirement of proof of invalidity removed after the insured has reached the age of sixty-five. Invalidity is defined in the broadest terms. It is that condition in which the person insured is, through old age, sickness or other disablement no longer capable of earning an amount equal to one-third the average wage of his trade and class. There is a period of required contributions after the expiration of which pensions are paid. For invalidity, this amounts to 200 weeks of contributions; for old age, 1200 weeks; and for insurance of widows and orphans, at least 40 weeks. Special provisions are made for those who at the time the law becomes effective shall have passed their thirty-fifth year. The waiting period passed, the pension is payable from the first day of invalidity or with the first day following the sixty-fifth anniversary of the birth of the insured. The amount depends on the wage class to which the contributor belongs and also on the length of time his insurance has been maintained in force. The invalidity pension is composed of a basic sum fixed at 120, 150, 180, 210, 240, or 270 kronen ($24, $30, $36, $42. $48, and $54) a year according to wage class. A graduated increase, equal to one-fifth of the amount of contribu-

* For discussion of this subject see page 31.

tions paid during the period of insurance, is added. The two sums together make up the total pension. The benefits of the proposed invalidity insurance law are not limited, however, to pensions only. The insurance institution may give medical treatment if threatened invalidity may, in that way, be prevented or invalidity which has already supervened, be cured. In place of the whole or a part of the pension, the insured may be granted free treatment in a hospital.

The section of the measure which has found least favor is that concerned with the insurance of widows and orphans. Pensions to them are to consist of an amount varying from one-half to three times the basic sum of the pension for invalids. According to this program, the state will make a donation equal to 90 kronen ($18) a year to be added to each old age pension and will pay the necessary premiums during the periods of military service of the insured. In addition, it will support the courts of arbitration common to all the branches of insurance. The cost of administration of the state insurance department will reach about 2,000,000 kronen ($400,000) a year.

Contributions of the interested parties will thus be but a portion of the total cost of insurance. These contributions will be determined according to a system of average premiums to be fixed by law for 12 years. In the six wage classes the amounts will be respectively 10, 20, 30, 40, 50 and 60 heller (2, 4, 6, 8, 10, and 12 cents) a week per person. For those subject to obligatory insurance, the employer and the insured will each pay half the cost. Those, on the other hand, who insure voluntarily, must pay the entire contribution themselves.

The following figures represent the aggregate cost which it is estimated will be entailed on employers and employes in the three branches of insurance.

TABLE 145.—ESTIMATED COST OF INSURANCE TO EMPLOYERS AND EMPLOYES IN THE AUSTRIAN REFORM PROJECT

	Kronen	
1. Accident Insurance		
Employers	22,000,000	
Employes	22,000,000	
Total	44,000,000	($8,800,000)

	Kronen	
II. Sickness Insurance		
Employers	30,800,000	
Employes	30,800,000	
Total	61,600,000	($12,320,000)
III. Invalidity Insurance		
Employers	28,400,000	
Employes	28,400,000	
Total	56,800,000	($11,360,000)
IV. Total for the three branches of insurance		
Employers	81,200,000	
Employes	59,200,000	
Total	140,400,000	($28,000,000)

APPENDICES

APPENDIX

SUMMARY OF WORKINGMEN'S

A. ACCIDENT

Country	*Form of Insurance and Date* of Statutes*	*Persons Insurable*	*Character of Insurance Organization and Numbers Insured*
I Great Britain	Voluntary insurance Laws of 6, 8, 1897; 30, 7, 1900; 21, 12, 1906, and 28, 8, 1907	Workmen and domestics (unrestricted) Employes and officials in industry and agriculture (with yearly wages up to $1250)	At choice of employers in state, mutual or private stock companies Also by agreement in establishment funds
Statistics (1908)		Population 42,500,000; 13,000,000 wage-earners	
II Norway	Compulsory insurance Laws of 23, 7, 1894, and 12 6, 1906	Workmen and employes in industry (with yearly wages up to $324)	State institution only
Statistics (1908)		Population 2,300,000; 400,000 wage-earners	
III Sweden	Voluntary insurance Law of 5, 7, 1901	Workmen and foremen in industry	As in Great Britain
Statistics (1907)		Population 5,400,000; 1 000 000 wage-earners	About 350,000 insured
IV Denmark	Voluntary insurance Laws of 7, 1, 1898, and 15, 5, 1903	Workmen and employes in industry (with yearly wages up to $648)	As in Great Britain, except no state institution
	Laws of 3, 4, 1900, and 30, 3 1906	The fishing industry and small craft	State institution
	Compulsory insurance Law of 1, 4, 1905 Law of 27, 5, 1908	Seamen and boat officials (yearly wages up to $648) Workmen and employes in agriculture with wages up to $408. (Voluntary insurance for those in small establishments)	In state, mutual or private stock companies
V Holland	Compulsory insurance Law of 2, 1, 1901	Workmen and employes in industry	State institution (mutual and private organizations also permitted)
Statistics (1906)		Population, 5,700,000; 1,000,000 wage-earners	82,129 insured establishments

* In the dates, the first numeral represents the day, the second the month; begin

I

INSURANCE IN EUROPE

INSURANCE

Contributions (Yearly)	*Benefits*	*Settlement of Disputes*	*Country*
By employers alone Employers and employes	(a) Accident pensions (up to 50% of wages) in weekly payments or in lump sum. (b) To survivors, up to 3 times the yearly wages; if no dependents, only funeral expenses up to $50 No compensation in case of intentional injury	(a) By committee of employers and workmen (b) By arbitrator selected by both parties (c) By judge of county court if parties cannot agree	I Great Britain
By employers alone	(a) Free medical treatment and pension (up to 60% of yearly wages) or free hospital treatment and relief to family (up to 50% of yearly wages) from the 5th week after the accident (b) Funeral expenses (up to $13.50) and pension to survivors up to 50% of wages No compensation in case of intentional injury	Free, by special insurance commission	II Norway
As in Norway	(a) Sick pay $ .27 per day from the 61st day (b) Invalidity pension up to $81 yearly (c) Funeral expenses $16.20 and pension to survivors up to $81 per annum No compensation in case of intentional injury; gross misconduct, or minor injuries	By arbitration or in ordinary court. Appeal to state dept. as regards degree of impairment	III Sweden
As in Norway $1.35 per insured with equal state subsidy By employers with state subsidy	(a) Sick pay (up to 60% of yearly wages) from 14th week (b) For invalids: a lump sum up to 6 times the yearly earnings (c) For survivors: lump sum up to 4 times yearly earnings and $13.50 for funeral expenses No compensation in case of intentional injury or gross negligence	Workmen's Insurance Council	IV Denmark
As in Norway $1,225,000 paid in premiums	(a) Free medical treatment and sick pay up to 70% of yearly wages (b) Invalidity pension up to 70% of yearly wages from the 7th week after the injury (c) Survivor's pension up to 60% of yearly wages and funeral expenses up to 30 times daily wages $1,075,000 for 60,022 injured and 268 killed	Local arbitration councils of employers and workmen and central arbitration council	V Holland

ning with January as number one; "6, 8, 1897" means "6th day of August, 1897."

Country	*Form of Insurance and Date of Statutes*	*Persons Insurable*	*Character of Insurance Organization and Numbers Insured*
VI Belgium	Voluntary insurance Law of 24, 12, 1903	Workmen and employes in industry, agriculture and commerce (with yearly wages up to $480)	As in Great Britain and in guarantee funds
	Compulsory insurance Law of 1868	Miners	130,000 in mutual sickness societies
Statistics (1906)		Population 7,300,000; 2,100,000 wage-earners	
VII France	Voluntary insurance Laws of 9, 4, 1898; 30 6 1899; 22, 3, 1902; 31, 3, 1905; 12 4, 1906; 18, 7, 1907	Workmen and employes in industry, agriculture and commerce	As in Great Britain
	Compulsory insurance Laws of 21, 4, 1898; 29, 12, 1905	Seamen	State institution
Statistics (1906)		Population 39,000,000; 9,500,000 wage-earners	About 70 per cent of workers insured
VIII Switzerland	Compulsory insurance bill now before Federal Council No insurance law in operation	Workmen in all industries and transportation	State insurance department
Statistics (estimated)		Population 3,400,000	600,000 insured workers
IX Italy	Compulsory insurance Laws of 17, 3, 1898; 31, 1 1904	Workmen and employes in industry and agriculture using machinery (with yearly wages up to $420)	As in Great Britain
Statistics (1906)		Population 33,000,000; 10,000,000 wage-earners	1,800,000 insured workmen
X Germany	Compulsory insurance Laws of 1884–1887 and 30, 6, 1900	Workmen irrespective of wages and inferior managing officials with yearly wages up to $750 in industry and manufacture. Also by special rule—employes with wages over $750 and small employers	Mutual trade associations and state executive boards for state employes
	Voluntary insurance (by same laws)	Employers and persons not under compulsion	
Statistics (1907)		Population 62,100,000; 15,400,000 wage-earners	114 trade associations and 535 executive boards; 5,383,519 establishments and 21,172,027 insured
XI Austria	Compulsory insurance Laws of 28, 12, 1887, and 20, 7, 1894	Workmen and employes with yearly wages up to $480 in industry and in agriculture when using mechanical power	Territorial insurance organizations and trade association for railway workers
	Voluntary insurance (by same laws)	Employers and persons not under compulsion with wages up to $480	
Statistics (1906)		Population 27,300,000; 10,000,000 wage-earners	7 territorial insurance organizations and 1 railway trade association, 425,076 establishments and 2,918,679 insured

A. ACCIDENT INSURANCE—(*Continued*)

Contributions (Yearly)	*Benefits*	*Settlements of Disputes*	*Country*
As in Norway By employers and workmen with subventions from state and province	(a) Sick pay up to 50% of yearly wages (b) Invalidity pension up to 50% of yearly wages (c) Survivor's pension up to 30% of yearly wages (d) Medical treatment and funeral expenses	Justice of the Peace or arbitration court in cases involving more than $60	VI Belgium
As in Norway Employers and workmen Total premiums = 1.85% of total wages of insured	(a) Sick pay up to 50% of yearly wages (b) Invalidity pension up to 66⅔% of yearly wages (c) Survivor's pension up to 60% of yearly wages (d) Medical or funeral expenses up to $20 Sick pay for injured seamen and pensions for invalids and survivors	Justice of the Peace for (a) and (d); otherwise civil court Commission	VII France
1. State, ⅓% of wages of insured; employers ⅓, and workmen ⅓ of the remainder Total premiums est. 3.16% of total wages of insured	(a) Free medical treatment from day of accident and sick pay up to 80% of yearly wages (b) Invalidity pension up to 70% of yearly wages (c) Survivor's pension up to 60% of yearly wages and cost of burial	....	VIII Switzerland
As in Norway $3.20 per insured workman	(a) Sick pay up to 50% of yearly wages (b) For invalids: a lump sum up to 6 times the yearly wages or an annuity (c) Survivor's pension up to 5 times yearly wages (d) Primary medical treatment	Local Industrial Council in cases involving sums up to $40; otherwise local courts	IX Italy
As in Norway Premiums = $42,890,350; $2.03 per workman, $7.96 per establishment	(a) Free medical treatment and pension up to 66⅔% of yearly wages; or free hospital treatment with relief to family up to 60% of wages—from the 14th week after accident (b) Burial expenses up to 20 times daily wages and pension to survivors up to 60% of wages Total compensations = $37,772,648 to 980,044 persons; $38.44 per injured workman	Free arbitration court and Imperial Insurance Office with equal representation of employers and workmen	X Germany
Employers, 90% } of total Workmen, 10% } premiums Premiums = to $7,542,043; $2.58 per workman, $17.75 per establishment	(a) Only accident pensions up to 60% of yearly wages from the 5th week after accident (b) Burial expenses up to $10 and pension to survivors up to 50% of wages Total compensations = $4,874,995 to 89,354 persons	Free arbitration court only	XI Austria

Country	*Form of Insurance and Date of Statutes*	*Persons Insurable*	*Character of Insurance Organization*
I Great Britain	Voluntary insurance Laws of 1875 and 7, 8, 1896	Workmen in all industries	Registered and unregistered friendly societies with and without privileges
Statistics (1905)		Population 42,500,000; 13,000,000 wage-earners	26,917 friendly societies; 5,900,000 members, about half of whom are workmen
II Norway	Compulsory insurance Law of 18, 9, 1909	Workmen and employes in industry and agriculture	Communal societies with Central State Dept.
	Voluntary insurance	For those not included in compulsory law	Private societies
Statistics (1907)		Population 2,300,000; 400,000 wage-earners	400 societies; 60,000 members
III Sweden	Voluntary insurance Law of 30, 10, 1891	As in Great Britain	As in Great Britain
Statistics (1903)		Population 5,400,000; 1,000,000 wage-earners	1887 registered societies; 360,173 members
IV Denmark	Voluntary insurance Law of 12, 4, 1892	As in Great Britain	As in Great Britain
Statistics (1907)		Population, 2,600,000; 400,000 wage-earners	1452 registered societies; 553,000 members
V Holland	Voluntary insurance No law	As in Great Britain	Free sickness societies
Statistics (1890)		Population 5,700,000; 1,000,000 wage-earners	650 societies; 600,000 members
VI Belgium	Voluntary insurance Laws of 3, 4, 1851 and 23, 6, 1894	As in Great Britain	As in Great Britain
Statistics (1907)		Population 7,300,000; 2,100,000 wage-earners	3,330 societies; 400,000 members
VII France	Voluntary insurance Laws of 15, 7, 1850 and 1 4, 1898	As in Great Britain	As in Great Britain
Statistics (1907)		Population 39,000,000; 10,000,000 wage-earners Miners	19,500 societies; 4,680,000 members (In 1906) 199 societies; 205,000 members
	Compulsory insurance Law of 29, 6, 94		
VIII Switzerland	Voluntary insurance No general law	As in Great Britain	Free sickness societies
	Voluntary general law now before Federal Council		
Statistics (1903)		Population 3,400,000	2006 societies; 505,947 members
IX Italy	Voluntary insurance Law of 15, 4, 1886	Workmen in all industries	As in Great Britain
Statistics (1905)		Population 33,000,000; 10,000,000 wage-earners	6,535 societies; 1,000,000 members
X Germany	Compulsory insurance Laws of 15, 6, 1883; 10, 4, 1892; 5, 5, 1886; 30, 6, 1900; 25, 5, 1903	Workmen and employes in industry and commerce (with yearly earnings up to $500), and by special ruling to workers in agriculture and home industries	Mutual sickness societies established by law and private friendly societies
	Voluntary insurance (by same laws)	Persons not obliged to insure with yearly earnings up to $500	
Statistics (1907)		Population 62,100,000; 15,400,000 wage-earners	23,232 societies; 12,480,502 members (inclusive of 758,706 miners)
XI Austria	Compulsory insurance Law of 30, 3, 1888	Workmen and employes engaged in industry.	As in Germany
	Voluntary insurance (by same law)	Workmen in agriculture and home industries	
Statistics (1906)		Population 27,300,000; 10,000,000 wage-earners	2017 societies; 2.946.668 members

Contributions (Yearly)	*Benefits*	*Settlement of Disputes*	*Country*
By members, with state aid	Only sick pay and funeral expenses; generally no free medical or hospital treatment	....	I Great Britain
Workmen $\frac{6}{16}$, state $\frac{2}{16}$, employers $\frac{1}{16}$, commune $\frac{1}{16}$ $2.45 per member	As in Great Britain but generally medical treatment also $2.54 per year per member; $ .40 per sick day	....	II Norway
By members, with state ubsidy $2.32 per member	As in Great Britain $1.89 per year per member; $ .32 per sick day	....	III Sweden
As in Sweden $1.93 per member	As in Great Britain $2.54 per year per member; $ .55 per sick day	By sick-club inspector	IV Denmark
Differ according to by-laws $1.44 per member	Medicines medical treatment and sick pay	....	V Holland
As in in Sweden $2.25 per member	As in Great Britain, but generally medical treatment also as well as care during invalidity for 92,000 members $36.50 per invalid; $9.00 per year per sick member; $ .40 per sick day	....	VI Belgium
As in Sweden (In 1904) $2.25 per member State subsidy and by workmen $\frac{2}{3}$, employers $\frac{1}{3}$	As in Great Britain and provision for old age and invalidity for 1,500,000 members; 150,000 pensioners (In 1904) $10.00 per year per sick member; $ .50 per sick day Medical attendance, medicines, sick benefits, and funeral expenses	....	VII France
Members and voluntary contributions of employers $3.64 per member	Vary with societies; most give medical treatment, sick pay and funeral benefits; 63,000 receive care during invalidity, and old age $4.50 per year per member	....	VIII Switzerland
As in Sweden $1.80 per member	Vary with societies; most give only sick pay and funeral expenses $1.00 per year per member	....	IX Italy
Employers $\frac{1}{3}$ } of ($1\frac{1}{2}$–6) % Workmen $\frac{2}{3}$ } of wages Without contributions of employers $4.29 by insured workman $1.90 by employers per insured workman	(a) Medical treatment and sick pay (50% of average daily wages) or free hospital treatment and one half sick pay for the family for 26 weeks (b) Similar benefits for confinements for 6 weeks (c) Funeral expenses, 20 times average daily wages. Extension of above minimum benefits by special rules $13.75 per year per sick member, $ .79 per sick day	Free, by supervising magistrates	X Germany
As in Germany $4.20 per member (total premiums of employers and workmen)	As in Germany but aid for only 20 weeks and sick pay 60% of the average daily wages $9.40 per year per sick member, $ .41 per sick day	Free by court of arbitration	XI Austria

Country	Form of Insurance and date of Statutes	Persons Insurable	Character of Insurance Organization
I Great Britain	Voluntary insurance Laws of 1882 and 7,8,1896	All persons	State institution, friendly societies and private companies
	Old age pension law, 1, 8, 1908	Needy persons over 70. In 1908, estimated 572,000 pensioners	State institution
II Norway	No insurance law Compulsory insurance planned	All workingmen and women irrespective of income	State institution
III Sweden	No insurance law Compulsory insurance planned	As in Norway	As in Norway
IV Denmark	No insurance law Invalidity insurance law planned		
	Old age pension laws, 9, 4, 1891; 23, 5, 1902: 13, 3, 1908	Needy persons over 60	State institution
Statistics: (1906)		Population 2,600,000; 400,000 wage-earners	50,000 pensioners
V Holland	No insurance law Compulsory old age insurance law planned	All workingmen and women with yearly wages up to $400	State institution
VI Belgium	Voluntary insurance Laws of 8, 5, 1850; 16, 3, 1865; 10, 5, 1900; 20, 8, 1903	All persons	State institution. In 1906, 8277 pensions
	Compulsory insurance: Law of 28, 3, 1868	Miners	Friendly societies
VII France	Voluntary insurance Laws of 18, 6, 1850 and 20, 7, 1886	All persons	State institution and private friendly societies In 1906, 300,647 pensioners; 1,300,000 insured
	Compulsory insurance Law of 11, 4, 1881:	Seamen	State institution
	Law of 29, 6, 1894:	Miners (with yearly wages up to $480)	Miners' pension unds
	Non-contributory old age and invalidity provisions Laws of 14, 7, 1905; 31, 12, 1907	All indigent citizens over 70 and others totally invalidated by disease or accident at any age	State institution
	Contributory compulsory insurance law passed 6 4, 1910	All workmen and employes	State institution and friendly societies
VIII Switzerland	Voluntary insurance No state, only cantonal provisions	All persons	Private friendly societies ....
IX Italy	Voluntary insurance Laws of 17, 7, 1898; 28, 7, 1901 and 30, 5, 1907	All wage earners	State institution
X Germany	Compulsory insurance Laws of 22, 6, 1889; 13, 7, 1899	All wage earners and employes with yearly wages up to $500. Also, small employers and house workers by order of the Bundesrat	Territorial insurance institutions
Statistics: (1907)		Population 62,100,000; 15,400,000 wage-earners	41 institutions and 14,958,118 insured
XI Austria	Compulsory insurance Law of 11, 12, 1906:	Office employes	State institution
	Law of 28, 7, 1889:	Miners (about 150,000)	In miners' societies
	Compulsory old age and invalidity insurance law planned:	All wage earners	In state institution

Contributions	*Benefits*	*Settlements of Disputes*	*Country*
Premiums of the insured	Annuities up to $487.50; from 1865–1890, 21,000 annuitants		I Great Britain
State from general taxation	From $ .25 to $1.25 weekly	Local pension committee	
Premiums of insured with subventions from state and communes	Pensions from age 70	....	II Norway
As in Norway	As in Norway	....	III Sweden
State and communes each half the cost	Varies with need of pensioner; average $41 per pensioner	....	IV Denmark
Employers and workmen equally and subvention from state	Pensions from age 65 after waiting period of 1248 contributory weeks.	....	Holland
Premiums of insured with state subvention	Pensions beginning from 55th to 65th year; average $41	Pension commission	VI Belgium
Employers, workmen, state and province	Old age pension after 30 to 35 years of service		
Premiums of the insured, with state subsidy up to ⅓ of the pension	(a) Old age pension earliest from the 50th year (maximum $250); average $27 (b) Invalidity pension for earlier infirmity (maximum $250) (c) Return of premiums if death occurs before pension is due	Pension commission	VII France
Insured and state subvention	Pensions from 50th year (widows and orphans half)		
Employers and miners, each half	Pensions from 55th year		
State alone	Pensions		
Insured, employers and state	Old age pensions from age 65 and invalidity pensions for earlier infirmity		
Premiums of insured	Old age pensions	....	VIII Switzerland
Premiums of the insured with state subvention up to $2.50 for each, per annum	(a) Invalidity pension after 5 contributory years (at least $25) (b) Old age pension from 60th year after 25 contributory years (at least $25) (c) Return of premiums in case of death before receipt of pension	....	IX Italy
Equal premiums of employers and employed with an annual state subsidy of $12.50 per pension	(a) Invalidity pension after 200 contributory weeks (b) Old age pension from 70th year after 1200 contributory weeks (c) Free treatment and relief to family to prevent invalidity (d) Return of premiums in case of death, accident or marriage before pension is due	Free by Arbitration Court and Imperial Insurance Office with equal representation of employers and employed	X Germany
$1.50 by workman; $1.50 by employers per workman; $ .83 by state per workman; $3.83 total annual premium	Average invalidity pension $41.50; old age pension $40; sickness pension $62		
Premiums of insured with contributions of employers varying with salary class of insured and state subsidy.	(a) Invalidity pension after 120 contributory months (b) Old age pensions after 480 contributory months (c) Pension to widow of one half pension husband would have received (d) Return of premiums if death occurs during waiting period	Arbitration Courts	XI Austria
Equal premiums of miners and employers	(a) Invalidity pension (b) Widows and orphans pensions, maximum, ⅓ of the miner's pension	....	

APPENDIX II

CONTRIBUTIONS AND BENEFITS OF WORKINGMEN'S INSURANCE IN GERMANY, 1907

I. ACCIDENT INSURANCE

Contributions		*Benefits*	
Number of persons insured	21,172,027	Number of persons compensated	980,044
Number of establishments	5,383,519	Total benefits (*Marks*)	151,090,592
Contributions of employers (*Marks*)	171,561,400	Benefits per insured workman (*Marks*)	7.13
Contributions per insured workman (*Marks*)	8.10	Benefits per case compensated (*Marks*)	153.76
Contributions per establishment (*Marks*)	31.86		

II. SICKNESS INSURANCE

Number of persons insured	12,138,966*	Total benefits (*Marks*)	273,887,506
Contributions of employers (*Marks*)	92,174,982	Benefits per insured workman (*Marks*):	
Contributions of employes (*Marks*)	208,204,204	Sick benefit	10.00
Contributions per insured workman:		Physicians	5.21
Employers (*Marks*)	7.60	Medicines	3.31
Employes (*Marks*)	17.15†	Hospital Care	2.98
Total (*Marks*)	24.75	Other benefits	1.06
		Total (*Marks*)	22.56

III. OLD AGE AND INVALIDITY INSURANCE

Number of persons insured	14,958,118	Total benefits (*Marks*)	172,891,300
Contributions of:		Benefits per insured workman (*Marks*)	11.56
Employers (*Marks*)	89,321,600	Average value of pension:	
Employes (*Marks*)	89,321,600	Invalidity (*Marks*)	166.04
State (*Marks*)	49,620,600	Sickness (*Marks*)	166.24
Contributions per insured workman:		Old Age (*Marks*)	161.64
Employers (*Marks*)	5.97		
Employes (*Marks*)	5.97		
State (*Marks*)	3.32		
Total (*Marks*)	15.26		

* Average membership in all sickness societies for 1907; membership at close of year, 11,721.96.

† Includes cost of insurance for members' families to which employers do not contribute.

IV. AVERAGE CONTRIBUTIONS AND BENEFITS PER COMPLETELY INSURED WORKMAN

Kind of Insurance	CONTRIBUTIONS PER INSURED WORKMAN (*Marks*)				BENEFITS PER INSURED WORKMAN (*Marks*)
	By Employers	*By Employes*	*By State*	*Total*	
Accident insurance . . .	8.10	..	..	8.10	7.13
Sickness insurance . . .	7.60	17.15	..	24.75	22.56
Invalidity and old age insurance	5.97	5.97	3.32	15.26	11.56
Total	21.67	23.12	3.32	48.11	41.25*

* As the average total contribution of the employes was 23.12 Marks, the excess of benefits over their contributions was 18.13 Marks per insured workman. The contributions of employes were only 56 per cent of the benefits received.

APPENDIX III

ACCIDENT INSURANCE IN SWITZERLAND

The following valuable data on accident insurance in Switzerland were received too late to be included in the text. We desire to acknowledge our indebtedness to Dr. Gutknecht of the Swiss Department of Industry for compiling them.

In 1907 there were fourteen companies carrying on accident insurance in Switzerland under state supervision. Of these, two were mutual and twelve were stock companies. Five were Swiss, five German, three French and one Italian. In addition, nine mutual societies and trade associations carried on this business without state control. 428,000 persons in all were insured, the premiums aggregating 15,000,000 francs ($3,000,000).

In the years from 1905 to 1907, the following conditions prevailed in the two largest companies. These contained about 250,000 workmen in the most varied trades and their figures therefore correspond very closely with the average for the country.

Average yearly wage per insured workingman	1030 francs
Average total premium	2.84 per cent. of wages
Management expenses and commissions	14 per cent. of the total premium
Per 10,000 insured there were:	
Fatalities	4.9
Invalidities	57.8
Temporary incapacities	1,960.0
Total	2,022.7
Compensations paid per 100,000 francs of wages (*Francs*):	
For fatalities	145
" invalidities	905
" temporary incapacities	1,363
Total	2,413
Average compensation (*Francs*):	
For each fatality	3,022
" " invalidity	1,614
" " temporary incapacity	72
" " injury	123
Per insured workingman	25

APPENDIX IV

TABLE OF FOREIGN MONEY VALUES

In the course of this work the following approximate values in American money were employed as equivalent to the standard coin of each country treated:

Great Britain	Pound £ (20 shillings)	=	$4.87
Norway, Sweden, Denmark	Crown (100 öre)	=	.27
Holland	Guilder	=	.40
Belgium, France, Switzerland	Franc (100 centimes)	=	.20
Italy	Lira (100 centisimi)	=	.20
Germany	Mark (100 pfennige)	=	.25
Austria	Krone (100 heller)	=	.20

BIBLIOGRAPHY

PARTIAL BIBLIOGRAPHY

GENERAL

Alden, Percy. The Unemployed. London, 1905.

Arbeiter-Versicherung. G. J. Göschen'sche Verlagshandlung. Leipzig.

Bellamy-Brown, Jacques. La Protection Internationale des Travailleurs et les Accidents du Travail. Paris, 1909.

Bellom, Maurice. Les Lois d'Assurance Ouvrière a l'Etranger. Rousseau, Paris, 1895–1906.

Bödiker, T. Die Arbeiter-Versicherung in den europäischen Staaten. Duncker & Humblot, Leipzig, 1895.

Bulletin des Assurances Sociales, Paris, 1890 to date. Fuster, Edouard (Editor).

Chatelain, L. La Protection Internationale Ouvrière. Paris, 1908.

Coal Mine Labor in Europe. Twelfth Special Report of U. S. Commissioner of Labor (Chapters on insurance of coal-miners). Washington, 1905.

Congrés International des Accidents du Travail, Vols. I–VII, 1889–1897.

Congrés International des Accidents du Travail et des Assurances Sociales. Paris, Düsseldorf and Vienna, 1900–1905.

Congrés International des Assurances Sociales, Vols. I–III. Rome, 1909.

Conrad, Elster, Lexis und Loening (Editors). Handwörterbuch der Staatswissenschaften, 3d Edition. Arts: Arbeiterversicherung, Vol. I. Fischer, Jena, 1909.

Eastman, Crystal. Work-Accidents and the Law. New York, Charities Publication Committee, 1910. (Russell Sage Foundation Publication.)

Foreign Workmen's Compensation Acts. Bulletin of the U. S. Bureau of Labor, No. 74. Washington, 1908.

Henderson, Charles R. Industrial Insurance in the United States. The Univ. of Chicago Press, Chicago, 1909.

Laws Relating to Compensation for Industrial Accidents in Foreign Countries; Part of the 24th Annual Report of the U. S. Commissioner of Labor. Washington, 1909.

Lewis, Frank W. State Insurance. Houghton Mifflin Co., Boston, 1909.

Manes, Alfred (Editor). Zeitschrift für die gesamte Versicherungs-Wissenschaft, Vols. I–IX. Berlin.

Manes, Alfred. Versicherungs-Lexikon, 2 volumes. Tübingen, 1909.

Manly, H. W. Valuation of State Pension Funds. London, C. and E. Layton.

Métin, Albert. Les Traités Ouvrièrs Accords Internationaux de Prévoyance et de Travail. Paris, 1908.

National Conferences on Compensation for Industrial Accidents. American Association for Labor Legislation. No. 1 Madison Ave., New York.

(1) Atlantic City Conference, July, 1909. H. V. Mercer, Minneapolis, Minn.

(2) Chicago Conference, June, 1910. John B. Andrews, New York City.

Schloss, D. F. Report to the Board of Trade on Agencies and Methods for Dealing with the Unemployed in Certain Foreign Countries. London, 1904.

Insurance against Unemployment. London, 1909.

Seager, Henry R. Social Insurance. The Macmillan Co., N. Y., 1910.

Wadlin, H. G. The Insurance of Workingmen. From the 31st Annual Report of the Massachusetts Bureau of Statistics of Labor, pp. 65–248. Boston, 1901.

Weber, A. F. Industrial Accidents and Employers' Responsibility for their Compensation. From the 17th Annual Report of the Bureau of Labor Statistics, Part II, State of N. Y., 1899.

Willoughby, W. F. Workingmen's Insurance. Thomas Y. Crowell & Co., N. Y., 1898.

Zacher, G. Die Arbeiter-Versicherung in Europa nach ihren Systemen 1902.

Zacher, G. (Editor). Die Arbeiter-Versicherung im Auslande, Vols. I–V. Berlin, 1900–1909.

AUSTRIA

Bericht des Verbandes der Genossenschaftskrankenkassen Wiens für das Jahr 1906. Vienna, 1907.

Die Ergebnisse der im Jahre 1907 eingeleiteten Erhebungen, betreffend die nach dem Gesetze vom 16. December 1906 versicherungspflichtigen Angestellten. Vienna, 1909.

Die Gebarung und die Ergebnisse der Krankheitsstatistik im Jahre 1906. Vienna, 1909.

Die Gebarung und die Ergebnisse der Unfallstatistik im Jahre 1906. Vienna, 1909.

Gutachten der territorialen Arbeiter-Unfallversicherungsanstalten über das Regierungsprogramm für die Reform und den Ausbau der Arbeiterversicherung. Vienna, 1907.

Reform und Ausbau der österreichischen Arbeiterversicherung. Vienna, 1905.

Statut der Arbeiter-Unfallversicherungsanstalt für Niederösterreich in Wien. Vienna, 1902.

Verkauf, Leo. Oesterreichisches Jahrbuch der Arbeiterversicherung für 1907. Vienna, 1908.

BELGIUM

Dubois, Jean, and Wodon, Louis. Le Développement des Assurances Sociales en Belgique pendant les quinze dernières années Brussels, 1905.

La Caisse Générale d'Épargne et de Retraite de Belgique et ses differents Services. Brussels, 1900.

Loi et Réglements sur la Réparation des Dommages resultant des Accidents du Travail. Brussels, 1906.

Soenens, Albert. La Mutualité en Belgique. Brussels, 1901.

DENMARK

Arbejderforsikrings-Raadets Beretning, 1906, Bilag 1, indeholdende oversigt over de ved Raadets Kendelse 1 Aaret 1906 Afgjorte Under Lov af January 7, 1898 Horende, Invaliditets-og-Dodssager.

Beretning fra Arbejderforsikrings-Raadet for Aaret 1906. Copenhagen, 1907.

Beretning fra Bestyrelsen for Statsanstalten for Livsforsikring, 1908. Copenhagen.

Fremtiden—Beretning og Regnskab for Aaret 1907. Copenhagen, 1908.

Statistik Aarbog 12te Aargand 1907. Copenhagen, 1908.

FRANCE

Campagnole, Edouard. L'Assistance Obligatoire Aux Vieillards, Aux Infirmes et Aux Incurables. 2d Edition, 1908.

Delatour, Albert. Caisse des Dépôts et Consignations. Paris, 1906.

La France Prévoyante, Barêmes Complets, 1908. Paris, 1909.

La Prévoyance Commerciale, Compte Rendu de l'Assemblée Générale. Paris, 1908.

Lefort, J. Les Caisses de Retraites Ouvrière. Fontemoing, Paris, 1906.

Mabilleau, Leopold. La Mutualité Française. Bordeaux, 1906.

Rapport de la Commission Supérieure des Caisses Nationales d'Assurances en Cas de Décès et en Cas d'Accidents, Année 1907. Paris, 1908.

Rapport de la Commission Supérieure de la Caisse Nationale des Retraites Pour la Vieillesse, Année 1907. Paris, 1908.

Rapport sur les Opérations des Caisses d'Épargne Ordinaires. Année 1906. Paris, 1908.

Rapport par la Commission de Surveillance de Caisse d'Amortissement et de la Caisse des Dépôts et Consignations, Année 1907. Paris, 1908.

Recueil de Documents sur la Prévoyance Sociale. Paris, 1908.

Société Municipale de Secours Mutuels, Compte Rendu de l'Année. Paris, 1907.

Viviani, René. Rapport sur les Operations des Sociétés de Secours Mutuels pendant l'Année 1903. Melun. 1907.

HOLLAND

Jaarverslag Van Het Gemeentelijk Fonds ter Bevordering Van De Verzekering Tegen De Geldelijke Gevolgen Van Werkloosheid. Amsterdam, 1907.

Ongevallenstatistiek, February 1, 1903—December 31, 1903, Samengesteld ter Voldoening aan de Bepaling van Artikel 17 der Ongevallenwet, 1901. Amsterdam, 1906.

Ongevallenstatistiek, January 1, 1904—December 31, 1904, Samengesteld ter Voldoening aan de Bepaling van Artikel 17 der Ongevallenwet 1901. Amsterdam, 1907.

Wetenschappelijke Balans Op 31 December 1907. Rijksverzekeringsbank, Deel 1, Opgemaakt ingevolge Artikel 17 der Ongevallenwet 1901. Amsterdam, 1908.

Wetenschappelijke Balans Op 31 December 1907. Rijksverzekeringsbank, Deel II, Statistiek betreffende de Financieele Uitkomsten der Ongevallen-Verzekering over het tijdvak, February 1, 1903–December 31, 1907. Amsterdam, 1908.

GERMANY

Amtliche Nachrichten des Reichs-Versicherungsamts. Berlin, 1885–1910.

Arbeiterkrankenversicherung in Berlin im Jahre 1906, Statistisches Amt der Stadt Berlin. Berlin, 1907.

Arbeiter-Versorgung. (Kranken-, Unfall- und Invaliden-Versicherungswesen im Deutschen Reiche.) Berlin, 1908–1909.

Bericht über die Verwaltung der Berufsgenossenschaft der Chemischen Industrie im Jahre 1907. Berlin, 1908.

Bödiker, T. Die Reichs-Versicherungs-Gesetzgebung. Leipzig, 1898.

Bornhak, Conrad. Die deutsche Sozialgesetzgebung. Tübingen, 1900.

Brooks, John Graham. Compulsory Insurance in Germany. U. S. Bureau of Labor, Washington, 1905.

Dawson, Wm. Harbutt. The German Workman. London, 1906.

Development and Operation of the Leipsic and Suburban Insurance Sick Club, Leipsic. St. Louis World's Exposition of 1904.

Entwurf einer Reichsversicherungsordnung. Amtliche Ausgabe mit Begründung. Berlin, 1909.

Funke, Ernst. Was muss jeder Versicherter von der Arbeiterversicherung wissen? Berlin, 1906.

Funke und Hering. Buch der Arbeiterversicherung. Berlin, 1905.

Geschäfts-Bericht der Ortskrankenkasse für Leipzig und Umgegend für das Jahr 1907. Leipzig, 1908.

Graef, C. Die Unfallversicherungs-Gesetze und das Beamten-Unfallfürsorgegesetz. Berlin, 1904.

Hahn, Julius. Das Krankenversicherungsgesetz. Vierte Auflage. Berlin, 1905.

Handbuch der Unfallversicherung. Die Reichs-Unfallversicherungsgesetze dargestellt von Mitgliedern des Reichs-Versicherungsamts. 3 vols. Dritte Auflage. Leipzig, 1909, 1910.

Isenbart und Spielhagen. Das Invaliden-Versicherungsgesetz vom 13 Juli, 1889. Zweite Auflage. Berlin, 1903.

Klein, G. A. Statistik der Arbeiterversicherung des Deutschen Reichs, 1885–1906. Berlin, 1908.

Krankenversicherung im Jahre 1907. Statistik des Deutschen Reichs, Band 194. Kaiserliches Statistisches Amt. Berlin, 1908

Mayet, P. Die Mutterschaftsversicherung nach den Beschlüssen des Bundes für Mutterschutz. Frankfurt a. M., 1908.

Pinkus, N. Workmen's Insurance in Germany, Yale Review, 1904–1905.

Reichs-Arbeitsblätter. Kaiserliches Statistisches Amt, Berlin, 1905–1909.

Revidierter Gefahrentarif der Berufsgenossenschaft der chemischen Industrie. Berlin, 1904.

Statistisches Jahrbuch für das Deutsche Reich. Kaiserliches Statistisches Amt. Berlin, 1909.

Statut der Ortskrankenkasse für Leipzig und Umgegend. Leipzig.

Stier-Somlo, Fritz. Recht der Arbeiterversicherung. Bonn, 1906.

Unfallverhütungsvorschriften der Berufsgenossenschaft der chemischen Industrie. Berlin, 1906.

Varlez, Louis. Rapport sur les Bureaux de Placement en Allemagne. Ghent, 1904.

v. Woedtke, Caspar. Gewerbe-Unfall-Versicherungsgesetze. Fünfte Auflage, Berlin, 1901.

Workmen's Insurance in Germany. Number 11 in "Industrial Education and Industrial Conditions in Germany." Special Consular Reports, Vol. XXXIII. Dept. of Commerce and Labor, Washington, 1905.

Zacher, G. Leitfaden zur Arbeiterversicherung des Deutschen Reichs. Berlin, 1908.

GREAT BRITAIN

Baernreither, J. M. English Associations of Working Men. London, 1893.

Booth, Charles. Old Age Pensions and the Aged Poor. London, 1899.

Brabrook, E. W. Provident Societies and Industrial Welfare. London, 1898.

Guide Book of the Friendly Societies Registry Office. London, 1909.

Moffrey, Robert W. Rise and Progress of the Manchester Unity of the Independent Order of Odd Fellows, 1810–1904. Manchester.

Old Age Pensions. Tables prepared in connection with the question of Old Age Pensions, with a preliminary memorandum. London, 1907.

Reports of the Chief Registrar of Friendly Societies, Part A. For the year ending Dec. 31, 1907. London, 1908.

Ruegg, Alfred Henry, K.G. Employers' Liability and Workmen's Compensation. Seventh Edition. London, 1907.

Statistics of Compensation and of Proceedings under Workmen's Compensation Act, 1906—etc. During the year 1908. London, 1909.

Wilkinson, J. Frome, M.A. Social Questions of the Day. Mutual Thrift. London, 1891.

Wilkinson, J. Frome, M.A. The Friendly Society Movement. London, 1891.

ITALY

Zacher, G. Die Arbeiter-Versicherung im Auslande, Vol. 5, 1909; section on Italy.

NORWAY

Beretning fra Den Norke Enkekasse, Christiania, 1907. Den Norske Enkekasses Dodelighedsunder sogelser, Bilag: Grundtabellerne og den ved deres opstilling anvendte methode. Christiania, 1903.

Industria statistik 1895–1905.

Lov om Ulykkesforsikring for arbeidere m. v. av 1894 med tillaegslove.

Lov om Ulykkesforsikring for fiskere av 8 August, 1908.

Lov om sygeforsikring av 18 Sept. 1909.

Riksforsikringsanstaltens aarsberetninger 1895–1908.

Social statistik (statistique sociale et du travail). Bilag til den parlamentariske Arbeiderkommissions. Indstilling, Christiania, 1898–1899.

Ulykkesforsikringen, 1895–1899, Norges Officielle Statistik (Statistique des assurances contre les accidents du travail 1895–1899. Christiania, 1906.

Ulykkes-statistik 1895–1906.

All from Riksforsikringsanstalten, Christiania.

SWEDEN

Föreningen Enighet Ger Styrka, Ars och Revisions berättelse för Ar 1907. Stockholm, 1908.

Olycksfall I Arbete (Arbets statistik C : 1). Stockholm, 1906.

Riksförsakringsanstaltens Underdanige Berättelse för 1906. Stockholm, 1907.

SWITZERLAND

Kranken- und Unfallversicherung. Vorlage des Bundesrates and Beschlüsse des Nationalrates. 1908.

INDEX

INDEX

ACCIDENT CASES: proportions of degrees of impairment in, Denmark, (Table) 57

ACCIDENT INSURANCE and workmen's compensation, 3–144; in various countries, 42–132; in Austria, 115–132; in Belgium, 61–63; in Denmark, 54–57; in France, 64–73; in Germany, 89–115; in Great Britain, 42–48; in Holland, 57–61; in Italy, 81–89; in Norway, 48–50; in Sweden, 51–54; in Switzerland, 73–81, 432; summary of, in European countries, Appendix I, 422–425

ACCIDENTS: causes of, for which compensation was first paid in industrial, building, marine and trade associations in 1907, Germany, (Table) 106; number of, and rate per 1000 insured in industrial mutual associations, Germany, (Table) 104; number of, in agriculture and forestry and ratio per 1000 insured, Germany, (Table) 106; number of, Holland, (Table) 60; in various industries, France, (Table) 70; ratio of, per 1000 full-time workers in 22 classes of occupations, Germany, (Table) 105; total, and number per 10,000 full-time workers, Austria, (Table) 123; the same, by extent of disability, Austria, (Table) 124; total, and rate per 1000 insured, Germany, (Table) 103. See also, *Accident insurance; Work-accidents*

ADJUSTMENT: expense of, under workmen's compensation laws, 21

ADJUSTMENT OF CLAIMS: in Denmark, 22, 23; in sickness societies, Germany, 254

ADMINISTRATION: of invalidity insurance, in Austria, 363, in Germany, 349–351; of old age insurance, in Austria, 363, in Germany, 349–351, in Great Britain, 318, in Italy, 344; of sickness insurance societies, in Germany, 158, 252, 254, 256, 262, in Italy, 344; of unemployment insurance, in Germany, 388, in Holland, 383

ADMINISTRATION (*continued*)

ADMINISTRATION COST: in detail, under old age and invalidity insurance, Germany, (Table) 359; in Holland, (Table) 60; of employers' mutual associations, in Germany, 111; of friendly societies, 165; of insurance companies, 25, in Austria, 129, 130, in Great Britain, 46; of invalidity insurance, in Austria, 363, in Germany, 358, 359; of National Accident Insurance Fund, in Italy, 82; of old age insurance, in Austria, 363, in Germany, 358, 359; of sickness insurance societies, in Denmark, 191, in France, 207, in Germany, 251, 252, 253, 260, 262, in Great Britain, 180, 181, in Holland, 197, in Italy, 226, in Norway, 185, in Sweden, 188, in Switzerland, 220. See also *Management expense*

AFFILIATED. See *Centralized*

AFFILIATED OR FEDERATED SOCIETIES, 66, 67; advantages and disadvantages of, 148, 149; in Great Britain, 150, in Vienna, 143, 144

AFFILIATED ORDERS, 176–181

AGRICULTURAL LABORERS: legislation affecting, 72; not generally protected, in Austria, 122; protection of, in Germany, 96, 98, 99

AGRICULTURE AND FORESTRY: law covering, in Denmark, 56

ALEGEMEEN ZIEKENFONDS VOOR AMSTERDAM, Holland, 195, 196

ANCIENT ORDER OF FORESTERS, Great Britain, 150, 182

ANMELDELIGE SYGE-KASSE, Norway, 186, 187

ANNUITIES: capitalization of, in Holland, 58; capitalization of, not required in Germany, 112; granted at different ages for an annual premium of one franc, Caisse Nationale des Retraites, (Table) 328; number and amount of deposits and amount of, in state annuity fund, Belgium, (Table) 322; number and value of, since 1851 and in force December 31, 1906, in Caisse Nationale des Retraites, (Table) 330; present value of, under laws of 1901, Sweden, (Table) 52; in Canton Waadt, Switzerland, (Tables) 342; secured by annual payment of 12 francs in La France Prévoyante, (Table) 338. See also *Invalidity insurance; Old age insurance; Pensions*

ANNUITY FUND: number insured and value of, in Italy, (Table) 346

ANSTALTEN, Austria, 117

APPRENTICES: protection of, in Austria, 265

"APPROVED" SICKNESS INSURANCE SOCIETIES: in France, 202, 203, 204, 206, 207

ARBEJDER FORSIKRINGS RAAD, Denmark, 55, 57

ARBITRATION: appeals from courts of, in sickness insurance societies, Austria, (Table) 277; disposition of cases by courts of, Austria, (Table) 132; in Austria, 132, 267, 276, 277; in Germany, 97, 109, 351, 352, 357, 358; in Italy, 87; statistics of, under old age and invalidity insurance, Germany, (Table) 357; number, per cent and disposition of appeals from courts of, to the Imperial Insurance Office, Germany, (Table) 109; number, per cent and disposition of awards appealed to courts of, Germany, (Table) 109; total number of appeals and number of these decided by the Imperial Insurance Department under old age and invalidity insurance, Germany, (Table) 358

ASSESSMENT PLAN: old age insurance furnished on, 304

ASSESSMENTS. See *Contributions; Premiums*

ASSETS AND LIABILITIES: of insurance associations in Austria, (Table) 131

ASSOCIAZONE DEGLI INDUSTRIALI D' ITALIA PER PREVENIRE GLI INFORTUNI DE LAVORO, Italy, 89

ASSUMPTION OF RISK: employers' liability cancelled by, 5, 6

AUGUSTUSBAD: convalescent home, 259

AUSFÜHRUNGSBEHÖRDEN (State Boards of Administration), Germany, 96

AUSTRALIA: employers' liability in, 3

AUSTRIA: accident department of the Patria, 116; accident insurance and workmen's compensation, 115–132; administration cost of insurance companies, 129, 130; administration of compulsory insurance law, 117; agricultural laborers not generally protected by insurance, 122; amount of burial benefits and pensions paid, (Table) 127; Anstalten, 117; arbitration in, 132, 267, 276, 277; assets and liabilities of insurance associations, (Table) 131; Baukrankenkassen, 265; Bezirkskrankenkassen, 265, 268; Bruderladen, 263, 265; classification of industries by hazards, (Table) 119; compensation for accidents, 117, 118; compulsory insurance in, 115, 116, 263, 264, 399; disposition of cases by courts of arbitration, (Table) 132; Eingeschriebene Hilfskassen, 265; employers' liability in, 3; employers' mutual associations, 30, 31, 32; estimated cost of insurance to employers and employes in reform project in, (Table) 420, 421; Fabrikskrankenkassen, 265, 268; General Accident Insurance Company of Vienna, 116; Genossenschaftskrankenkassen, 265; increase in number of work-accidents, 123, 124, 125; insurance in government departments, 33, 40; insurance legislation in, 115, 116, 117, 121, 262, 263, 264, 265, 361, 362; insurance of employers in private

AUSTRIA (*continued*)
companies, 18; invalidity and old age insurance in, 361–364; Lehrlingskrankenkassen, 265; litigation in, 132; number and annual value of current permanent pensions, (Table) 127; number of establishments insured, 122; number of full-time workers insured and proportion insured, for 56 industries, (Table) 125, 126; number of industrial and agricultural establishments, average number of employes and amount of wages of employes insured against accidents in, (Table) 122; number of pensioners, average annual pension and per cent of wages, (Table) 128; number of workmen insured, 122; occupations protected by compulsory insurance, 116; premiums in, 118, 119, 120, 121, 130, 131, 363; premiums, interest and other income of the seven territorial associations, (Table) 130; prevention of disease, 269; prevention of work-accidents, 121, 139, 143, 144, 269; protection of railway employes, 121; rates of contribution in the seven territorial insurance organizations, (Table) 119; rates of contributions for each danger class, (Table) 120; ratio of management expenses to contributions and indemnities, (Table) 130; reform project in, 414–420; reserves required in, 121, 129, 131; sickness insurance in, 262–277; Society of Austrian Industrial Workers for Accident Insurance, 116; standing of stock companies insuring employers in, 18; total disbursements of insurance associations in, (Table) 129; total number of accidents and number per 10,000 full-time workers by extent of disability, (Table) 124; total number of accidents and number per 10,000 full-time workers in, (Table) 123; Vereine, 265, 269; voluntary insurance in, 121; wage classification of insurance against invalidity and old age, (Table) 362; work-accident statistics compared with Germany, 125, 126 127. See also Appendices I an,d II,22–431

AUSTRIA (*continued*)
Accident insurance and workmen's compensation in, 115–132. See also under general topics
Invalidity insurance in: administration cost of, 363; administration of 363; amount of pensions under, 127, 128, 129; benefits under, 283 361, 363; contributions to, 362, 363; employers' independent organizations for, 364; legislation affecting, 361, 362; miners protected by, 361; office employes protected by, 361; premiums, 363; reserves for, 362; Social Democrats demand one law, applicable to all, 364; wage classification of, (Table) 362
Maternity insurance in, 166, 167
Old age insurance in: administration cost of, 363; administration of, 363; benefits under, 361, 363; contributions to, 362, 363; employers' independent organizations for, 364, legislation affecting, 361, 362; miners protected by, 361; office employes protected by, 361; premiums, 363; reserves for, 362; schemes for, under consideration 305; Social Democrats demand one law, applicable to all, 364; wage classification of, (Table) 362
Pensions to widows and orphans in, 127, 128, 129
Sickness insurance societies in: appeals from courts of arbitration, (Table) 277; arbitration, 267, 276, 277; average benefits per day and per case of sickness and per death in, (Table) 273; average contribution and average benefit per member in, (Table) 274; benefits under, 265, 266, 272, 273; benefits under, compared with Germany, 272, 273; "building trades," 265; cases and days of sickness and death rate in, (Tables) 270, 271; contributions to, 263, 264, 266, 274, 275; development of, 262, 263, 264; district, 265, 268; employer penalized for employing workmen uninsured in, 266, 267; factory, 265, 268, 270; federation of, in Vienna, 143, 144; financial condition of, (Table) 275; financial condition of, in percentages, (Table) 276; income and disbursements, (Table) 274; legisla-

AUSTRIA
Sickness insurance societies in (*continued*)
tion affecting, 262, 263, 264, 265; number, (Table) 266; number and membership of, (Table) 267, 268; per cent of sexes in, (Table) 267; private friendly, 265, 269; protection of apprentices and miners by, 263, 265; ratio of various benefits to total benefits in, (Table) 273; ratio of various items of expenditure to total expenditure, and income and amount expended per member in, (Table) 272; registered mutual, 265; reserves, 275, 276; sickness rate in, compared with Germany, 270; solvency of, 130, 131, 275, 276; total benefits and other expenditures of, (Table) 271; total number of cases and days of sickness, and deaths in, (Table) 269; trade-guild, 265; trade union, 264; types of, 265
Unemployment insurance in, 391
AUSTRIAN GENERAL ACCIDENT INSURANCE COMPANY OF VIENNA, 116
"AUTHORIZED" SICKNESS INSURANCE SOCIETIES: in France, 201, 202
AVERAGE PREMIUM: old age insurance furnished on basis of, 304

BASEL: unemployment insurance in, 386, 387
BAUKRANKENKASSEN, Austria, 265
BELGIUM: accident insurance and workmen's compensation in, 61–63; Caisse Générale d'Épargne et de Retraite, 320, 321; Compagnie Belge d'Assurance Générale sur la Vie, 63; compensation for work-accidents, 62; compulsory insurance of miners in, 63; coöperation between friendly societies and state department, 321; employers' liability in, 3; employers' mutual associations, 19, 28, 29; employers not released from liability by insurance in foreign companies, 62; employers released from liability by insurance in Belgian Company, 21, 22; Guarantee Fund, 63; insurance companies in, 22, 62, 63; insurance in government departments, 34, 35, 36, 63; insurance legislation, 61,
BELGIUM (*continued*)
199, 200, 320, 321; insurance not compulsory in, 62; insurance of employers in private companies, 19, 21, 22, 24, 25; invalidity and old age insurance in, 320–322; number and amount of deposits and amount of annuities in state annuity fund, (Table) 322; occupations protected by workmen's compensation act, 61; reserves required in, 24; sickness insurance in, 199–201; standing of stock companies insuring employers, 19, 34, 35; survivorship annuities, 289. See also Appendices I and II, 422–431
Accident insurance and workmen's compensation in, 61–63. See also under general topics.
Invalidity insurance in: benefits under, 320, 321; contributions to, 321, 322; legislation affecting, 320, 321
Old age insurance in: benefits under, 320, 321; compulsory system of, for miners, 322; contributions to, 321, 322; legislation affecting, 320, 321
Sickness insurance societies in: benefits under, 200; contributions to, 200; development of, 199; legislation affecting, 199, 200; privileges granted certain, 199; registered and unregistered, 200
Unemployment insurance in: benefits under, 384; contributions, 384; in Ghent, 371, 373, 384, in trade unions, 384; legislation affecting, 384
BENEFITS: average contribution and average benefits per member in sickness insurance societies, Austria, (Table) 274; average, per day, per case of sickness and per death in sickness insurance societies, Austria, (Table) 273; character and value of, paid by mutual sickness insurance societies, France (Table) 208; death, average amount of, in sickness insurance societies, Germany, (Table) 245; expenditures for, for old age, sickness and invalidity, Germany, (Table) 356; furnished by trade unions, 150, 151; furnished by trade unions, Great Britain, 27, 28; in Law, Union and Crown Insurance

BENEFITS (*continued*)
Company, Great Britain, (Table) 45; in Local Society of Leipsic, 258; membership and amount of sick benefit, including those for women before and after confinement, in sickness insurance societies, Germany, (Table) 246; membership and, of Unemployment department of Umanitaria, Italy, (Table) 388; number and membership of trade unions in France which pay benefits, (Table) 211; number and per cent of sickness insurance societies in Switzerland, and per cent of their membership by kind of benefits, (Table) 217; percentage of various kinds of, paid in sickness insurance societies, Germany, (Table) 248; ratio of various benefits to total, in sickness insurance societies, Austria, (Table) 273; sick, average per member in sickness insurance societies, Germany, (Table) 245; total, and other expenditures of sickness insurance societies, Austria, (Table) 271; total disability and death, in sickness insurance societies, Germany, (Table) 247; total, per member in sickness insurance societies, Germany, (Table) 248; total sick, paid in sickness insurance societies, Germany, (Table) 244
Under funeral and burial insurance: in Denmark, 192; in Great Britain, 164; in Holland, 197
Under invalidity insurance: in Austria, 283, 361, 363; in Belgium, 320, 321; in Germany, 283, 284, 347, 348, 350, 355; in Italy, 344, 345
Under maternity insurance: in Germany, 246
Under old age insurance: in Austria, 361, 363; in Belgium, 320, 321; in Denmark, 318; France, 323, 324, 325, 327, 328, 329, 330, 331, 333, 334, 335, 336, 337, 338; Germany, 347, 348, 349, 355; in Great Britain, 314, 315; in Italy, 344, 345; in Switzerland, 340, 341, 342
Under sickness insurance societies, 148; in Austria, 265, 266, 272, 273; in Belgium, 200; in Denmark, 189, 190, 191; in France, 208, 209, 210,

BENEFITS
Under sickness insurance societies (*continued*)
211; in Germany, 154, 234, 235, 242, 243, 244, 245, 246, 247, 248 251, 257, 258, 259, 262; in Germany, (Table) 251; in Great Britain, 170; in Holland, 193, 194, 195, 196; in Italy, 225, 226; in Norway, 184; in Sweden, 188; in Switzerland, 217, 220, 221
Under unemployment insurance: in Belgium, 384; in Denmark, 381; in France, 385; in Germany, 389, 390; in Holland, 383; in Italy, 387, 388; in Switzerland, 387

BERNE: Unemployment insurance in, 386

BERUFSGENOSSENSCHAFTEN, Switzerland, 76

BETRIEBSKRANKENKASSEN, Germany, 233, 236, 238

BEZIRKSKRANKENKASSEN, Austria, 265, 268

BORE, Sweden, 53

BRABROOK, E. W.: "Provident Societies," by, 181

BRUDERLADEN, Austria, 263, 265

BUILDING TRADES ACCIDENT-INSURANCE LAW: in Germany, 99

BUILDING TRADES SICKNESS INSURANCE SOCIETIES: in Austria, 265; in Germany, 233

BURIAL BENEFITS: amount of, and pensions paid, Austria, (Table) 127

BURIAL INSURANCE. See *Funeral and Burial Insurance*

CAISSE DE PRÉVOYANCE des marins français contre les risques et accidents de leur profession, France, 72

CAISSE DES DÉPÔTS ET CONSIGNATIONS, France, 322, 323, 324, 327, 336

CAISSE DES INVALIDES DE LA MARINE, France, 333, 334

CAISSE GÉNÉRALE D'ÉPARGNE ET DE RETRAITE, Belgium, 320, 321

CAISSE NATIONALE D'ASSURANCE EN CAS D'ACCIDENTS, France, 64

CAISSE NATIONALE DES RETRAITES, France: annuities granted at different ages for an annual premium of one franc, (Table) 328; collective deposits in, (Table) 326; individual deposits according to size in, (Table) 325; number and amount of payments and amount of reserves in, (Table) 324; number and value of annuities since 1851 and in force December 31, 1906, (Table) 330; payments under the principal not-returnable and principal returnable plans, (Table) 329

CAISSE NATIONALE DES RETRAITES POUR LA VIEILLESSE, France, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 335

CANTON NEUENBURG, SWITZERLAND: number and value of policies in and amount of cantonal subsidy to insurance department, (Table) 340

CANTON WAADT, SWITZERLAND: annuities secured at the age of sixty . . . with annual subsidy, from, (Table) 342; annuities secured by annual payment of 10 francs, without subsidy from, (Table) 342

CAPITALIZATION OF ANNUITIES: in Holland, 58; not required in Germany, 112

CAPITALIZED VALUE: old age insurance furnished on basis of, 304

CASSA NAZIONALE DI ASSICURAZIONE PER GLI infortuni degli operai sul lavoro, Italy, 82

CENTRAL COMMISSION OF THE SICKNESS SOCIETIES OF BERLIN, 261

CENTRALIZED SICKNESS INSURANCE SOCIETIES: advantages of, 157, 158

CHILDREN ENROLLED IN SICKNESS INSURANCE SOCIETIES: in France, 202, 203, 205; in Switzerland, 217

CITY EMPLOYES: protected by old age pensions, in Norway, 316

COMMON LAW LIABILITY: in Denmark, 56; in Great Britain, 44, 46, 56

"COMMUNAL" SICKNESS INSURANCE SOCIETIES: in France, 209, 210; in Germany, 230, 231, 232, 233, 236, 238

COMPAGNIE BELGE D'ASSURANCE GÉNÉRALE SUR LA VIE, Belgium, 63

COMPENSATION: average amounts expended for, per person injured and member treated, Germany, (Table) 108; classified by kind of expenditure, Germany, (Table) 107; for accidents, care necessary in disbursing, 35; granted seamen, in France, 73; granted seamen, in Italy, 86; number of employes, accidents and diseases, and compensation paid in certain industries, Great Britain, (Table) 47; workingmen's accidents and compensation paid in factories and trades, Switzerland, (Table) 75. See also, *Work-accidents; Workmen's Compensation Act*

COMPULSORY AND VOLUNTARY INSURANCE: discussion of merits of, 401, 402, 403

COMPULSORY BASIS: old age insurance furnished on, 304

COMPULSORY INSURANCE: administration of law, in Austria, 117; attitude of employers, associations, and workingmen toward, in Germany, 141, 142; explanation of, 399, 400, 401, 402, 403; in Austria, 115, 116, 117, 399; in establishment societies, 152; in Belgium, 62; in Denmark, 55; in France, 64, 68; in Germany, 90, 93, 95, 96, 98, 99, 100, 108, 110, 112, 141, 142, 399, 400, 401, 402, 403; in Great Britain, 44; in Holland, 58; in Italy, 41, 83, 84, 85, 86, 87; in Norway, 48, 49; in Sweden, 54; number of societies, Switzerland, (Table) 218; occupations protected by, in Austria, 116, in Germany, 93, 95, 98, 99, 100, in Holland, 58, in Italy, 84, in Norway, 48; of certain employes, 29, 30; of employers, 4; of miners, in Belgium, 63; of seamen, in France, 72, 73; of seamen, in Italy, 86, 87; of sulphur miners, in Italy, 86, 87; operation of, in Germany, 95, 96, 108, 110; pensions to widows and orphans under, 290, 291, 292, 293; proposed extension of, to cover pensions to widows and orphans, Germany, 293; special societies, in Italy, 86, 87; trade unions in Great Britain demand in government departments, 48

COMPULSORY INVALIDITY INSURANCE: in Germany, 347; persons exempt from, Germany, 347; recommended by commission, Norway, 285, 286

COMPULSORY OLD AGE INSURANCE: beneficiaries of, France, 335; for miners and seamen, France, 322, 332, 333; for miners, Belgium, 322; in France, 322, 332, 333, 334; in Germany, 347

COMPULSORY SICKNESS INSURANCE: certain citizens exempt from, Norway, 157; effect of, Germany, 241, 242; for all wage-earners, Norway, 157; for city employes, Norway, 316; in Austria, 263, 264; in Germany, 155, 228, 229, 230, 232, 235; not general, 155; persons exempt from, Germany, 347; societies, compared with voluntary, Germany, 236, 237; systems of, superior to voluntary systems, 157; welfare of state requires, Italy, 227; workmen unprotected by, Germany, 235

COMPULSORY UNEMPLOYMENT INSURANCE: success of, problematical, 377

CONDITIONS SURROUNDING SICKNESS INSURANCE: in various countries, 155, 156

CONTINENTAL COUNTRIES: employers' mutual associations, 28

CONTRIBUTIONS: amount and value of policies in and amount of cantonal contributions, to insurance department, Canton Neuenburg, (Table) 340; annual pensions and government contributions, by wage class, under invalidity insurance, Germany, (Table) 350; annual pensions and government contributions, by wage class, under old age insurance, Germany, (Table) 349; average, and average benefit per member in sickness insurance societies, Austria, (Table) 274; in Local Society of Leipsic, 258; in societies insuring pensions to widows and orphans, 291, 292, 293; insurance, in Germany, 249, 256, 257, 346, joint weekly, for old age and invalidity insurance by wage class, Germany, (Table) 348; proposed, for old age and invalidity insurance, in reform project, Germany, (Table) 413; rates of, for each danger class, Austria, (Table) 120; rates of, in the seven territorial insurance organizations, Austria, (Table) 119; to establishment funds, 4

To invalidity insurance: in Austria, 362, 363; in Belgium, 321, 322; in Germany, 283, 348, 349, 350, 359, 360; in Italy, 343, 345, 346

To old age insurance: in Austria, 362, 363; in Belgium, 321, 322; in Denmark, 318; in France, 332, 333, 334, 335; in Germany, 307, 348, 349, 359, 360; in Great Britain, 314; in Italy, 343, 345, 346; in Switzerland, 340, 341

To old age pensions, 300

To sickness insurance societies: in Austria, 263, 264, 266, 274, 275; in Belgium, 200; in Denmark, 189; in France, 202, 205, 207, 212; in Germany, 155, 234, (Tables) 249, 250, 251; in Great Britain, 180, 181; in Italy, 224; in Norway, 184, 316; in Sweden, 187; in Switzerland, 223

To unemployment insurance: in Belgium, 384; in Denmark, 381; in France, 384, 385; in Germany, 388, 389, 390; in Holland, 383; in Italy, 387; in Switzerland, 386, 387

CONTRIBUTIONS AND BENEFITS of Workingmen's Insurance in Germany, 1907, Appendix II, 430

CONTRIBUTIONS NON-RETURNABLE. See *Premiums non-returnable; Principal non-returnable*

CONTRIBUTIONS RETURNABLE: in old age and invalidity insurance, Germany, 350, 357. See also, *Premiums returnable; Principal returnable*

CONTRIBUTIONS RETURNED: number and value of, under old age and invalidity insurance, (Table) 357; number of, and of persons, and number, per cent and disposition of appeals by courts of arbitration under old age and invalidity insurance, (Table) 357

CONTRIBUTORY NEGLIGENCE: employers' liability cancelled by, 5
COST. See *Administration Cost*

DAMAGES: adjustment of, in Great Britain, 21; assessed by state in certain cases, Sweden, 23; employers' liable for, 3; equalization of burden of, 3
DEATH: insurance against, 146–277
DEATH RATE: decrease in, in sickness insurance societies, Germany, 242
DEGREES OF IMPAIRMENT: Proportion of, in Denmark, (Table) 57
DENMARK: accident insurance and workmen's compensation in, 54–57; adjustment of claims by state, 22, 23; administration of employers' liability law in, 55, 57; Arbejder Forsikrings Raad, 55, 57; common law liability in, 56; compensation for work-accidents in, 55; disbursements of the Fremtiden, (Table) 191; employers' liability in, 3; employers' mutual associations, 19, 28, 29; Fremtiden, 190, 191, 192; insurance companies, 22, 23; insurance in government departments, 34; insurance legislation, 54, 55, 56, 189; insurance not compulsory, 55; insurance of employers in private companies, 19, 22, 24; invalidity and old age insurance in, 318–319; law covering agriculture and forestry, 56; law covering fishermen and seamen, 56; legislation affecting workmen's compensation, 55; movement toward complete and connected system of insurance, 395; no litigation in, 23; occupations protected by employers' liability, 55; prevention of work-accidents, 137; proportions of degrees of impairment in accident cases in, (Table) 57; receipts and disbursements of unemployment funds, (Table) 383; reinsurance scheme in, 163; reserves required, 24; sickness insurance in, 189–192; Statsanstalt for Livsforsikring, 34, 288; survivorship annuities, 288, 289, 301; voluntary invalidity insurance recommended by commission, 286;
DENMARK (*continued*)
work-accidents reported to state 22. See also Appendices I and II, 422–431
Accident insurance and workmen's compensation in, 54–57. See also under general topics
Funeral and burial insurance in: benefits under, 192; complete separation of, from sickness insurance required, 162, 163
Invalidity insurance in, 285; commission studying, 319
Old age insurance in, 301, 310; benefits under, 318; contributions to, 318; substitute for outdoor relief, 309
Sickness insurance societies in: administration cost of, 191; benefits under, 189, 190, 191; contributions to, 189; legislation affecting, 189; membership of, 189; solvency of, 190; state supervision of, 190
Unemployment insurance in, 373, 374, 380–382; benefits under, 381; contributions, 381; in trade unions, 380, 381; legislation affecting, 380; premiums, 382; receipts and disbursements, 382; receipts and disbursements of funds for eight months ending March 31, 1908, (Table) 382
DEVELOPMENT: of employers' insurance laws, 133, 134, 135; of employers' liability insurance in the United States, 14, 15, 16, 17, 18; of employers' liability law, 5, 6, 7, 11; of old age insurance, 313, 314; of sickness insurance societies, 171, 172, 173, 193, 199, 201, 216, 217, 224, 227, 228, 229, 230, 231, 232, 256, 262, 263, 264; of societies insuring pensions to widows and orphans in Great Britain, 287, 288, 290; of unemployment insurance, 367, 368; of workmen's compensation laws, 133, 134, 135
DISABILITY. See *Invalidity*
DISBURSEMENTS: and receipts of unemployment funds for eight months ending March 31, 1908, Denmark, (Table) 383; for old age and invalidity insurance, Germany, (Table) 358; income and, of all sickness insurance societies, Germany, (Table) 253; income and, of sickness insurance societies, Germany,

DISBURSEMENTS (*continued*)
(Table) 274; of Local Society of Leipsic, (Table) 260; of the Fremtiden, Denmark, (Table) 191; total income and, of sickness insurance societies, Germany, (Table) 254; total, of insurance associations, Austria, 129

DISEASES. See *Occupational diseases*

DISTRICT SICKNESS INSURANCE SOCIETIES, Austria, 265, 268

DUES. See *Contributions; Premiums*

ECONOMY: of various systems of insurance, 135

EINGESCHRIEBENE HILFSKASSEN, Austria, 265

EMPLOYERS: attitude of, toward compulsory insurance, in Germany, 141; attitude of, toward old age insurance, 307; liable for damages, 3

EMPLOYERS' INSURANCE: compulsory, 4

EMPLOYERS' INSURANCE LAWS: development of, 133, 134, 135

EMPLOYERS' LIABILITY, 3–13; cancelled by "assumption of risk," 5, 6; cancelled by contributory negligence, 5; cancelled by neglect of fellow workmen, 6, 7; cancelled in France by victim's gross negligence, 11; change in European thought concerning, 4, 5, 8, 9, 10, 11, 12, 13; in Australia, 3; in Austria, 3; in Belgium, 3, 21, 22; in Denmark, 3, 55, 57; in Finland, 3; in France, 3, 11, 66, 67; in Germany, 3, 91, 93; in Great Britain, 3, 11, 21, 33, 34, 42, 46; in Greece, 3; in Holland, 3, 57; in Italy, 3; in New Zealand, 3; in Norway, 3; in Quebec, 3; in Russia, 3; in Spain, 3; in Sweden, 3, 51; in Switzerland, 75, 81; in the United States, 3, 17; law of negligence governing, 5, 11, 17; occupations protected by, in Denmark, 55, in Great Britain, 43, in Sweden, 51; released from, by insurance in Belgian company, 21, 22; state insurance releases, 3, 20; theory of negligence in, 4–8. See also *Legislation affecting workmen's compensation; Workmen's Compensation Act*

EMPLOYERS' LIABILITY (*continued*)

EMPLOYERS' LIABILITY INSURANCE: compensation plan more economical than, 10; conditions attending settlements under, 8, 14, 15, 16, 17, 18; contrary to public policy, 14, 15, 16, 17; development of, in United States, 14, 15, 16, 17, 18; indemnification to employer under, 15

EMPLOYERS' LIABILITY INSURANCE COMPANIES: reports required from, in Great Britain, 33, 34; state competition interferes with operation of, 25

EMPLOYERS' LIABILITY LAW: administration of, in Denmark, 55, 57, in France, 66, 67; development of, 5, 6, 7, 11; in Great Britain, 11, 21; number entitled to benefits under, Switzerland, 81; operation of, Germany, 93; operation of, Switzerland, 75; workmen's compensation laws a substitute for, or supplementary to, in European countries, 18, 19

EMPLOYERS' MUTUAL ASSOCIATIONS: advantages of, 32; economy in operation of, 32; effect upon efficiency of labor, 139, 140, 141; fundamental weakness of, 142, 143; in Austria, 30, 31, 32; in Belgium, 19, 28, 29; in competition with stock companies and state departments, 29; in continental countries, 28; in Denmark, 19, 28, 29; in Finland, 19; in France, 19, 28, 29; in Germany, 28, 29, 30, 31, 32, 95, 96, 99, 100, 101, 104, 111, 112, 113, 114, 115, 135, 136; in Great Britain, 19, 26, 27, 28, 29, 46; in Holland, 20, 28, 29; in Italy, 19, 20, 28, 29, 85, 86; in Russia, 19; in Sweden, 20, 28, 29; in Switzerland, 19, 20, 28, 29; reserves carried by, 24, 29, 30, 31, 32; solvency of, 29; under government compulsion and supervision more successful, 135, 136. See also *Sickness insurance societies*

EMPLOYERS PENALIZED: for employing uninsured workmen, Austria, 266, 267; for employing uninsured workmen, Germany, 155, 234

EMPLOYERS NOT RELEASED FROM LIABILITY: by insurance in foreign companies, Belgium, 62; by insurance in private companies, 3, 19, 20, 44, 52

EMPLOYERS RELEASED FROM LIABILITY: in France, 65, 66

EMPLOYES: not paid for occupational risk, 11, 12, 13

ENGLAND: Old age insurance in, 308, 310

ENKEKASSE, Norway, 316

ESTABLISHMENT FUNDS, 151, 152, 153; compulsory insurance in, 152; effect of, on trade unions, 153; in France, 28, 69; insurance of employers by contribution to, 4; Krupp works, 28; provide for invalidity insurance, 282; provide for old age pensions, 297, 298, 299, 300; reserves in, 153, 154; survivorship annuities provided for in, 289, 290, 291; trade unions in Great Britain oppose, 27

ESTABLISHMENTS INSURED: number of, in Austria, 122, in Holland, 61

EUROPE: standing of stock companies insuring employers in, 18, 19

EUROPEAN GOVERNMENT EMPLOYES: service pensions for, 315

EXPENDITURES: and income of sickness insurance societies, Switzerland, (Table) 219; estimated, by government on account of insurance, Switzerland, 81; in sickness insurance societies, Austria, (Table) 272; per cent of, in sickness insurance societies, Italy, (Table) 226

FABRIKSKRANKENKASSEN, Austria, 265, 268

FACTORY SICKNESS INSURANCE SOCIETIES: in Austria, 265, 278, 270; in Germany, 233, 236, 238

FATAL ACCIDENTS ACT: in Great Britain, 44

FEDERATED SOCIETIES. See *Affiliated or federated*

FEDERATION OF SICKNESS INSURANCE SOCIETIES: prevention of work-accidents by, in Vienna, 143, 144

FINANCIAL CONDITION: of sickness insurance societies, in Austria, (Table) 275; the same, in percentages, (Table) 276

FINLAND: employers' liability in, 3; employers' mutual associations in, 19; insurance of employers in private companies, 19

FISHERMEN: insurance law covering, in Denmark, 56

FOREIGN COMPANIES: insurance in, does not release employer from liability in Belgium, 62

FORENIGEN ENIGHET GER STYRKA, Sweden, 187, 188

FRANCE: accident insurance and workmen's compensation in, 64–73; administration of employers' liability law, 66, 67; annuities granted at different ages for an annual premium of one franc, Caisse Nationale des Retraites, (Table) 328; annuity secured by annual payment of 12 francs in La France Prévoyante, (Table) 338; Caisse de prévoyance des marins français contre les risques et accidents de leur profession, 72; Caisse des Dépôts et Consignations, 322, 323, 324, 327, 336; Caisse des Invalides de la Marine, 333, 334; Caisse nationale d'assurance en cas d'accidents, 64; Caisse Nationale des Retraites pour la Vieillesse, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 335; character and value of benefits paid by mutual sickness insurance societies in, (Table) 208; choice of physicians in, 71; collective deposits in the Caisse Nationale des Retraites, (Table) 326; compensation for work-accidents, 65; compensation granted seamen, 73; compulsory insurance of seamen, 72, 73; distribution of insurance among companies, (Table) 68; employers' liability cancelled by victim's gross negligence, 11; employers' liability, 3; employers' mutual associations, 19, 28, 29; employers released from liability, 65, 66; establishment funds, 28, 69; fatalities and injuries in mines and quarries, (Table) 71; growth

FRANCE (*continued*)
of national guarantee fund, (Table) 70; income of approved and free societies, (Table) 206; increase in number of work-accidents, 71; increase of free and approved societies, (Table) 204; individual deposits according to size in the Caisse Nationale des Retraites, (Table) 325; insurance companies, 68; insurance in government departments, 34; insurance of employers in private companies, 19, 21, 22, 25; insurance legislation in, 64, 67, 72, 73, 201, 202, 203, 205, 210, 211, 322, 324, 327, 329, 330, 331, 332, 333, 334, 335; insurance not compulsory, 64, 68; invalidity and old age insurance, 322–340; L'Abeille, 69; La France Prévoyante, 337, 338; legislation affecting agricultural laborers, 72; legislation affecting seamen, 72; legislation affecting workmen's compensation, 64, 67, 72, 73; Les Mutualités Maternelles, 214; litigation in, 21; L'Union du Commerce, 208, 209; membership of free and approved societies, (Table) 204; monthly dues charged by communal sickness insurance societies, (Table) 210; movement toward complete and connected system of insurance, 394, 395, 396; National Guarantee Fund, 69; number and amount of payments and amount of reserves in the Caisse Nationale des Retraites, (Table) 324; number and membership of trade unions which pay benefits, (Table) 211; number and value of annuities in Caisse Nationale des Retraites, (Table) 330; number of accidents in various industries, (Table) 70; number of beneficiaries of approved and free societies, (Table), 206, 207; number of workmen insured, 68; occupations protected by workmen's compensation act, 64, 67, 68; payments under the principal not-returnable and principal returnable plans, Caisse Nationale des Retraites, (Table) 329; premiums, 69, 205, 208, 210, 212, 323, 324, 327, 328, 333, 334, 336; premiums required to purchase an annuity of 150 francs, beginning at age of 50, in Prévoyance Commerciale, (Table) 339; Prévoyance Commerciale, 339, 340; ratio of premium receipts to payrolls, in insurance companies and societies, (Table) 69; reserves required, 67; sickness insurance in, 201–214; standing of stock companies insuring employers in, 19; state supervision of insurance companies, 69; statistics of miners' sickness societies, (Table) 212, 213; survivorship annuities in, 289; unemployment insurance in, 384–385. See also Appendices I and II, 422–431

Accident insurance and workmen's compensation in, 64–73. See also under general topics.

Invalidity insurance in, 285, 322–340

Old age insurance in, 301, 302, 305, 308, 310, 322–340; beneficiaries of compulsory, 335; benefits granted to parents of more than three children, 331; benefits under, 323, 324, 325, 327, 328, 329, 330, 331, 333, 334, 335, 336, 337, 338; compulsory, 322, 332, 333, 334, 335; compulsory system of, for miners and seamen, 322, 332, 333; contributions to, 332, 333, 334, 335; cost to state of, increasing, 310; disbursement of funds, 331, 332; government's special provision for, 327, 329, 330, 331; legislation affecting, 322, 324, 327, 329, 330, 331, 332, 333, 334, 335; premiums, 324, 327, 328, 333, 334, 336; principal returnable and non-returnable, 323, 327, 328, 329, 332; voluntary agencies for, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334

Pensions to widows and orphans of seamen, 333

Sickness insurance in, 201–214

Sickness insurance societies in: administration cost of, 207; "approved," 202, 203, 204, 206, 207; "authorized," 201, 202; benefits under, 208, 209, 210, 211; campaign against infant mortality, 213, 214; character and value of benefits paid by the mutual, (Table) 208; children enrolled in, 202, 203, 205; "communal," 209, 210; contribu-

FRANCE
Sickness insurance societies in (*continued*)
tions to, 202, 205, 207, 212; development of, 201; "free," 203, 204, 206, 207; honorary members of, 205; institutions for social welfare, 213, 214; legislation affecting, 201, 202, 203, 205, 210, 211; miners and seamen protected by, 211, 212; monthly dues charged by communal, (Table) 210; premiums, 205, 208, 210, 212; "recognized," 202; state supervision of, 203; statistics of miners', (Table) 212, 213; trade unions, 210, 211
Unemployment insurance in: 384–385; benefits under, 385; contributions, 384, 385; in trade unions, 385; legislation affecting, 384, 385

FRANKENKASSEN, Switzerland, 217, 218

FRATERNAL SOCIETIES: funeral and burial insurance in, 164, 165

FREE AND APPROVED SOCIETIES: in France, 203, 204, 206, 207; income of, France, (Table) 206; increase of, France, (Table) 204; membership of, France, (Table) 204; number of beneficiaries of, France, (Table) 206, 207

FREMTIDEN, Denmark, 190, 191, 192; disbursements of, (Table) 191

FRIENDLY SOCIETIES: administration cost of, 165; in Belgium, coöperation between, and state departments, 321; in Germany, 229; in Great Britain, 19, 20, 44; in Great Britain, number of registered, 180; in Great Britain, object to Workmen's Compensation Act, 46; provide for invalidity insurance, 281; provide for old age pensions, 296, 297; unemployment insurance in, 368

FRIENDLY SOCIETIES ACT: in Great Britain, regulates premiums, 281

FUNDS: disbursement of, France, 331, 332; disbursement of, Germany, 284, 356, 358; division of, Germany, 352; investment of, Germany, 284, 285, 352, 360

FUNERAL AND BURIAL INSURANCE, 160–165; in fraternal societies, 164, 165; in sickness societies, 162, 163; premiums, 160, 161; societies, functions of, 160; societies, solvency of, 161
In Denmark: benefits under, 192; complete separation of, from sickness insurance required, 162, 163
In Germany: in private societies limited, 165
In Great Britain, 163, 164; benefits under, 164; Manchester Unity of Odd Fellows, 164.
In Holland: benefits under, 197; investigation of societies, 198; legal character of societies, 198; legislation affecting, 198, 199; number of societies, 196, 197; premiums, 197; solvency of societies, 197, 198

FYLGIA, Sweden, 53, 54

GEMEINDEKRANKENKASSEN, Germany, 231, 233, 236, 238

GENOSSENSCHAFTSKRANKENKASSEN, Austria, 265

GERMANY: accident insurance and workmen's compensation in, 89–115; administration cost of employers' mutual associations, 111; amount of reserve fund of mutual associations of employers, (Table) 113; amount of reserve funds on December 31, under old age and invalidity insurance, (Table) 360; annual pensions and government bonuses by wage-class under invalidity insurance, (Table) 350; annual pensions and government bonuses by wage-class under old age insurance, (Table) 349; arbitration, 97, 351, 352, 357, 358; attitude of employers toward compulsory insurance, 141; attitude of trade associations toward compulsory insurance, 141; attitude of workingmen toward compulsory insurance, 142; Ausführungsbehörden, 96; average amounts expended for compensation per person injured and member treated, (Table) 108; average pensions paid for old age, sickness, and invalidity, (Table) 355; beneficial results of insurance legislation, 100, 101; Betriebs-

GERMANY (*continued*)
krankenkassen, 233, 236, 238; Building Trade Accident Insurance Law, 99; capitalization of annuities not required, 112; cause of increase of sickness, 241, 242; causes of accidents for which compensation was first paid, in 1907, (Table) 106; Central Commission of the Sickness Societies of Berlin, 261; classification of employers in mutual associations, 30; compensation classified by kind of expenditure, (Table) 107; compensation for injuries based on wages, 10; compensation for work-accidents, 92, 96, 97, 98, 99, 107, 108; comprehensive system of insurance in, 136; compulsory insurance, 90, 93, 95, 141, 399, 400, 401, 402, 403; contributions, 249, 250, 257, 348; contributions and benefits of workingmen's insurance in Germany, 1907, Appendix II, 430; disbursements for old age and invalidity insurance, (Table) 358; employers' liability, 3, 91; employers' mutual associations, 28, 29, 30, 31, 32, 95, 96, 99, 100, 101, 111, 112, 113, 114, 115, 135, 136; expenditures for benefits for old age, sickness, and invalidity, (Table) 356; expenses of management in detail under old age and invalidity insurance, (Table) 359; Gemeindekrankenkassen, 231, 233, 236, 238; German Workingmen's Society, 230; Hansa, in Hamburg, 261, 262; Hilfskassen, 233, 236; Imperial Insurance Office, 97, 98, 109, 110; increase in number of work-accidents, 102, 104; increased cost to employers in mutual associations, 112; industrial conditions in, 89, 90; Innungskrankenkassen, 228, 233, 238; insurance in government departments, 33, 40; insurance in private companies, 18; insurance legislation in, 91, 92, 93, 94, 95, 228, 229, 230, 231, 232, 235, 346, 347; invalidity and old age insurance in, 346–360; items of management expense of mutual associations of employers, (Table) 111; joint weekly contributions for old age and invalidity insurance by wage class, (Table) 348; Knappschaftskassen, 228, 229, 233, 236; Landesrechtlichehilfskassen, 233; legislation affecting work-accidents, 91, 92; litigation of damage claims, 16; Local Society of Dresden, 260; Local Society of Leipsic, 256, 257, 258, 259, 260; Marine Insurance Law, 99, 100; membership in employers' mutual associations compulsory, 112; message of Emperor William to the Reichstag, 94; movement toward complete and connected system of insurance, 393, 396, 397, 398, 399, 401, 402; number and value of contributions returned under old age and invalidity insurance, (Table) 357; number of accidents and rate per 1000 insured in industrial mutual associations, (Table) 104; number of accidents in agriculture and forestry and ratio per 1000 insured, (Table) 106; number of associations, establishments, state executive boards and persons insured against accident, (Table) 101; number of employers' mutual associations, 100, 101; number of insurance agencies and of persons insured against old age and invalidity, (Table) 353; number of pensions and number paid for first time for old age, sickness and invalidity, (Table) 353; number of pensions and of contributions returned, and number, per cent and disposition of appeals by courts of arbitration under old age and invalidity insurance, (Table) 257; number of workmen insured, 100; number, per cent and disposition of appeals from courts of arbitration to the Imperial Insurance Office, (Table) 109; number, per cent and disposition of awards appealed to courts of arbitration, (Table) 109; occupational diseases classed with accidents, 115; occupations protected by compulsory insurance, 93, 95, 98, 99, 100; operation of compulsory insurance, 95, 96, 108, 110; operation of employers' liability law, 93; operation of employers' mutual associations in chemical industries, 113, 114, 115; Ortskrankenkassen, 233,

GERMANY (*continued*)
236, 238; prevention of accidents, 98, 110, 111, 115, 138, 139, 143, 242, 355, 356; proposed contributions for old age and invalidity insurance in reform project, (Table) 414; protection of agricultural laborers, 96, 98, 99; ratio of accidents per 1000 full-time workers in 22 classes of occupations, (Table) 105; receipts and disbursements of the Local Society of Leipsic, (Table) 260; receipts in detail under old age and invalidity insurance, (Table) 359; receipts of mutual associations of employers, (Table) 112; reform project in, 406–413; Reichs-Versicherungamt, 97, 98; sickness and death records compiled by government, 239, 240, 241; sickness insurance as preventive of occupational diseases, 242; sickness insurance, effectual operation of, 235; sickness insurance in, 227–262; standing of stock companies insuring employers, 18; state supervision of employers' mutual associations, 96; statistics of the unemployment fund in Cologne, (Table) 391; statistics relative to work-accidents, 102; summary of accident, sickness and invalidity and old age insurance statistics, (Table) 91; Tiefbau-Berufsgenossenschaft, 99; total number of accidents and rate per 1000 insured, (Table) 103; total number of appeals decided by the Imperial Insurance Office under old age and invalidity insurance, (Table) 358; weekly contributions and sick and funeral benefits for various rates of wages, Local Society of Leipsic, (Table) 258; work-accident statistics compared with Austria, 125, 126, 127; workmen unprotected by compulsory sickness insurance, 235. See also Appendices I and II, 422–431
Accident insurance and workmen's compensation in, 89–115. See also under general topics.
Funeral and burial insurance in: in private societies, limited, 165
Invalidity insurance in, 136; administration cost of, 358, 359; administration of, 349, 351; amount of reserve funds on December 31, (Table) 360; annual pensions and government bonuses by wage class, (Table) 350; arbitration, 351, 352, 357, 358; benefits under, 283, 284, 347, 348, 350, 355; compulsory, 347; contributions to, 283, 348, 349, 350, 359, 360; contributions returnable, 350, 357; cost of medical care, 355; disbursement of funds, 284, 356, 358; division of funds, 352; expenditures for benefits, (Table) 356; expenses of management in detail under, (Table) 359; investment of funds, 284, 285, 352, 360; joint weekly contributions for, by wage class, (Table) 348; labor market affects number of pensions, 354; legislation affecting, 346, 347; number and value of contributions returned, (Table) 357; number of insurance agencies and of persons insured, (Table) 353; number of pensions and number paid for first time, (Table) 353; number of pensions and of contributions returned, and number, per cent and disposition of appeals by courts of arbitration, (Table) 357; number of pensions granted, 354; pensions paid, (Table) 355; persons exempt from compulsory, 347; preventive and restorative movement, 355, 356; proposed contributions for, in reform project, (Table) 414; receipts in detail under, (Table) 359; reserves for, 360; simulation, 354; state supervision, 352; supervision exercised through Imperial Insurance Department, 349; total number of appeals and number and disposition of these decided by the Imperial Insurance Office, under, (Table) 358; under earlier laws, 282; when pensions under, remain in abeyance, 350
Invalidity and Old Age Insurance in, 346–360
Maternity insurance in, 166, 167, 246
Old age insurance in, 136, 302, 303, 307, 308; administration cost of, 358, 359; administration of, 349, 351; amount of reserve funds on December 31, (Table) 360; annual

GERMANY
Old age insurance in (*continued*)
pensions and government bonuses by wage class, (Table) 349; arbitration, 351, 352, 357, 358; benefits under, 347, 348, 349, 355; compulsory, 347; contributions, 307, 348, 349, 359, 360; contributions returnable, 350, 357; disbursements for, (Table) 358; disbursement of funds, 356, 358; division of funds, 352; expenditures for benefits, (Table) 356; expenses of management in detail, (Table) 359; investment of funds, 352, 360; joint weekly contributions for, by wage class, (Table) 348; legislation affecting, 346, 347; number and value of contributions returned, (Table) 357; number of insurance agencies and of persons insured, (Table) 353; number of pensions and number paid for first time, (Table) 353; number of pensions and of contributions returned, and number, per cent and disposition of appeals by courts of arbitration, (Table) 357; number of pensions granted, 354; pensions paid, (Table) 355; persons exempt from compulsory, 347; proposed contributions for, in reform project, (Table) 414; receipts in detail, (Table) 359; reserves for, 360; state supervision of, 352; supervision of, exercised through Imperial Insurance Office, 349; total number of appeals and number and disposition of these decided by the Imperial Insurance Office, (Table) 358; when pensions remain in abeyance, 350
Pensions to widows and orphans: proposed extension of compulsory insurance to cover, 293
Sickness insurance in, 227–262
Sickness insurance societies in, 92, 136; administration cost of, 251, (Table) 252, 253, 260, 262; administration of, 158, 252, 254, 256, 262; adjustment of disputed claims, 254; average amount of death benefits, (Table) 245; average annual contribution per member, (Table) 250; average cost of administration per member, (Table) 252; average cost of hospital service per member, (Table)

GERMANY
Sickness insurance societies in (*continued*)
243; average number of cases of sickness per 100 members, (Table) 241; average number of members per society, (Table) 237; average sick benefits per member, (Table) 245; benefits under, 154, 234, 235, 242, 243, 244, 245, 246, 247, 248, 251, 257, 258, 259, 262; benefits and contributions, (Table) 251; builders', 233; communal, 230, 231, 232, 233, 236, 238; compulsory, 228, 229, 230, 232, 235; compulsory, compared with voluntary, 236, 237; contributions, 155, 234, 249, 250, 251, 257; decrease in death rate in, 242; development of, 227, 228, 229, 230, 231, 232, 256; effect of compulsory, 241, 242; effect upon efficiency of labor, 158; effect upon trade unions, 158, 159; efficiency of large versus small companies, 238; employer penalized for employing workmen uninsured in, 155, 234; existing, utilized in connection with new scheme of social insurance, 154; expenditures for benefits, (Table) 356; factory, 233, 236, 238; private friendly, 229; guilds, 233, 238; in Baden, 230; in Bavaria, 230; in Brunswick, 230; in Dresden, 238; in Hanover, 230; in Leipsic, 238; in Prussia, 228; in Saxony, 230; in Würtemberg, 230; income and disbursements of all, (Table) 253; independent state, 233; legislation affecting, 228, 229, 230, 231, 232, 235; local, 233, 236, 238; membership and amount of sick benefits, including those for women before and after confinement, (Table) 246; membership of, 238, 239; membership in, compulsory, 154, 155; miners protected by, 229, 233, 236; miners' trade unions, 228, 229; mutual, 232; number insured in various, (Table) 237; number of, according to size of membership, (Table) 239; number of different types of, (Table) 236; number of men and women in, (Table) 239; number of pensions and number paid for first time, (Table) 353; number of sol-

GERMANY
Sickness insurance societies in (*continued*)
vent and insolvent, (Table) 255; pensions paid, (Table) 355; per cent and duration of sickness and per cent of deaths in, (Table) 240; percentage of, collecting a given percentage of wages, (Table) 249; percentage of various kinds of benefits paid, (Table) 248; reserves in, 254, 255, 256, 260; sickness rate, compared with Austria, 270; solvency of, 254, 255; total and average cost for medical treatment and medicines, (Table) 243; total and average reserve per member, (Table) 255; total benefits per member, (Table) 248; total contributions of members, (Table) 250; total cost of care of convalescents, (Table) 244; total cost of hospital service, (Table) 243; total disability and death benefits in, (Table) 247; total income and disbursements of, (Table) 254; total sick benefits paid, (Table) 244; types of, 232, 233, 236; voluntary mutual aid, 233, 236
Unemployment insurance in, 388–391; administration of, 388; attitude of Social Democrats toward, 391; benefits under, 389, 390; contributions, 388, 389, 390; in Cologne, 371, 372, 388, 390; in Leipsic, 390; in Munich, 371, 390; in Strasburg, 390; in trade unions, 388, 390; municipal, 388; statistics of the unemployment fund in Cologne, (Table) 390

GHENT: unemployment insurance in, 371, 373, 384

GOVERNMENT COMPULSION AND SUPERVISION: employers' mutual associations under, more successful, 135, 136

GOVERNMENT DEPARTMENTS: insurance of employers in, 33–41

GREAT BRITAIN: accident insurance and workmen's compensation in, 42–48; adjustment of damage claims, 21; administration cost of insurance companies in, 46; affiliated orders, 176, 177, 178, 179, 180, 181; amounts allowed under old age

GREAT BRITAIN (*continued*)
pension act, (Table) 315; Ancient Order of Foresters, 150, 182; benefits furnished by trade unions, 27, 28; common law liability in, 44, 46, 56; compensation for injuries based on wages, 10; compensation for work-accidents, 43, 44; contribution per month for lowest and highest scale of benefits in Independent Order of Odd Fellows, (Table) 179; employers' liability in, 3, 11, 21, 42, 46; employers' mutual associations, 19, 26, 27, 28, 29, 46; employers not released from liability by insurance, 44; establishment funds, 26, 27, 28; Fatal Accidents Act, 44; financial statement of the National Deposit Friendly Society, (Table) 176; friendly societies in, 19, 20, 44; Hearts of Oak, 148, 173; insurance in government departments, 33, 34; insurance in private companies, 19, 21, 22, 23; insurance legislation in, 42, 43, 44, 46, 47, 169, 170, 313, 314; insurance not compulsory, 44, 171; invalidity and old age insurance in, 313–315; legislation affecting workmen's compensation, 42, 43, 44, 46, 47; litigation in, 21, 46; Manchester Unity of Independent Order of Odd Fellows, 150, 164, 178, 179, 180; movement toward complete and connected system of insurance, 393, 394, 395, 398, 399; National Deposit Friendly Society, 174, 175, 176; number of employes, accidents and diseases, and compensation paid in certain industries, (Table) 47; objections to Workmen's Compensation Act, 46; occupational diseases classed with accidents, 43; occupations protected by employers' liability, 43; premiums in, regulated by Friendly Societies Act, 281; publicity required of insurance companies, 45, 170; rates and bene its of the Law, Union and Crown Insurance Company, (Table) 45; Registrar of Friendly Societies, 19, 26; reports required from employers' liability insurance companies, 33, 34; sickness insurance in, 169–183; standing of stock companies insuring

GREAT BRITAIN (*continued*)
employers, 19, 45; statistics of the National Deposit Friendly Society, (Table) 175; summary of membership and funds of registered friendly societies and branches in Ireland, (Table) 182, 183; trade unions in, demand compulsory insurance in government departments, 48; trade unions in, object to workmen's compensation act, 46; "wilful act," 21, 44; workmen's associations in, 44; Workmen's Compensation Act, 11, 26, 27, 28, 44, 46. See also Appendices I and II, 422–431
Accident insurance and workmen's compensation in, 42–48. See also under general topics
Funeral and burial insurance in, 163, 164; benefits under, 164; in Manchester Unity of Odd Fellows, 164
Old age insurance in, 300; administration of, 315; amount allowed under act, (Table) 315; benefits under, 314, 315; contributions to, 314; cost to state increasing, 310; development of, 313, 314; funds for pensions raised by general taxation, 315; legislation affecting, 313, 314; on non-contributing basis, 314
Pensions to widows and orphans: development of societies insuring, 287, 288, 290; effect of remarriage on, 294; valuation and registration of societies insuring, 288
Sickness insurance societies in: administration costs, 180, 181; affiliated, 150; annual reports required from, 181; benefits under, 170; contributions to, 180, 181; development of, 171, 172, 173; legislation affecting, 169, 170; membership of, 180, 182; number of registered friendly, 180; publicity required of, 170; quinquennial valuation of, 171, 181; registered and unregistered, 169, 170, 171; types of, 171
Unemployment insurance in, 378–379; "distress work," 378; labor situation requiring, 378; legislation affecting, 379; proposed, 375, 376, 378, 379; "Unemployed Workmen Act," 379

GREECE: employers' liability in, 3

GUARANTEE FUND: in Belgium, 63

GUILD sickness insurance societies: in Germany, 233, 238

HANSA, Germany, 261, 262

HAZARDS: classification of industries by, in Austria, (Table) 119

HEARTS OF OAK, Great Britain, 148 173

HILFSKASSEN, Germany, 233, 236

HOLLAND: accident insurance and workmen's compensation, 57–61; Alegemeen Ziekenfonds voor Amsterdam, 195, 196; capitalization of annuities, 58; compensation for injuries based on wages, 10; compensation for work-accidents in, 58, 59; compulsory insurance general, 58; employers' liability in, 3, 57; employers' mutual associations, 20, 28, 29; insurance in government departments, 20, 36, 37, 59, 60; insurance in private companies, 19, 20, 22, 24, 25; insurance legislation in, 58, 194, 195, 319, 320; invalidity and old age insurance in, 319–320; legislation affecting reserves, 37; legislation affecting workmen's compensation, 58; number of accidents, cost of management and amount of indemnities paid, (Table) 60; number of insured establishments in, 61; number of workmen insured, 61; occupations protected by compulsory insurance 58; premiums, 193, 194, 195, 196; prevention of work-accidents, 61; publicity required of insurance companies, 36; Rijksveszekeringsbank, 59; sickness insurance in, 193–199; sickness provided for by poor laws, 195; standing of stock companies insuring employers, 19; Ziekenzorg Handwerkers Vriendenkring, 196. See also Appendices I and II, 422–431
Accident insurance and workmen's compensation in, 57–61. See also under general topics
Funeral and burial insurance in: benefits under, 197; legislation affecting, 198, 199; premiums, 197; societies, investigation of, 198; societies, legal character of, 198; societies, number of, 196, 197; societies, solvency of, 197, 198

HOLLAND (*continued*)
Invalidity insurance in: no government provision for, 319
Old age insurance in: in Amsterdam, 308; legislation affecting, 319, 320; no government provision for, 319
Sickness insurance societies: administration cost of, 197; benefits under, 193, 194, 195, 196; development of, 193; legislation affecting, 194, 195; no government provision for, 193; premiums, 193, 194, 195, 196; solvency of, 194; types of, 193, 194
Unemployment insurance in, 382-383; administration of, 383; benefits under, 383; contributions, 383; in Amsterdam, 371, 372, 382, 383; in Arnheim, 383; in Hiversum, 383; in the Hague, 373, 383; in trade unions, 382, 383; in Utrecht, 373, 383, legislation affecting, 383; premiums, 383

IMPERIAL INSURANCE OFFICE. Germany, 97, 98, 109, 110; number, per cent and disposition of appeals from courts of arbitration to, (Table) 109; supervision of old age and invalidity insurance exercised through, 349; total number of appeals and number and disposition of these decided by the, under old age and invalidity insurance, (Table) 358

INCOME: and amount expended per member in sickness insurance societies, Austria, (Table) 272; and disbursements of all sickness insurance societies, Germany, (Table) 253; and disbursements of sickness insurance societies, Germany, (Table) 274; and expenditures of sickness insurance societies, Switzerland, (Table) 219; of free and approved societies, France, (Table) 206; premiums, interest and other income of the seven territorial associations, Austria, (Table) 130; total, and disbursements of sickness insurance societies, Germany, (Table) 254

INDEMNITIES: amount of, paid, Holland, (Table) 60

INDEPENDENT ORDER OF ODD FELLOWS: in Great Britain, contribution per month for lowest and highest scale of benefits in, (Table) 179

"INDEPENDENT STATE" sickness insurance societies, Germany, 233

INDUSTRIAL ACCIDENTS. See *Accidents; Work-accidents*

INDUSTRIAL CONDITIONS: in Germany, 89, 90

INFANT MORTALITY: campaign of sickness insurance societies in France against, 213, 214

INNUNGSKRANKENKASSEN, Germany, 228, 233, 238

INSURANCE: against industrial accidents, 3–144, 432; against invalidity or total and permanent disability, 281–286; against sickness and death, 146–277; against work-accidents, equalizes burden of damages, 3; distribution of, among companies in France, (Table) 68; economy of various systems, 135; efficiency of various systems, 135; encouragement given by various systems to more comprehensive protection, 135; for workingmen, tendency toward a complete and connected system of, 393–403; in Austria, voluntary, 121; in Belgium, not compulsory, 62; in Denmark, movement toward complete and connected system, 395; in Denmark, not compulsory, 55; in France, movement toward complete and connected system, 394, 395, 396; in France, not compulsory, 64, 68; in Germany, comprehensive system of, 136; in Germany, movement toward complete and connected system, 393, 396, 397, 398, 399, 401, 402; in Great Britain, movement toward complete and connected system, 393, 394, 395, 398, 399; in Great Britain, not compulsory, 44; in Sweden, not compulsory, 54; legislation, beneficial results of, in Germany, 100, 101; of pensions to widows and orphans, 287–295; reserves necessary when voluntary, 161, 162; summary of workingmen's in European countries, Appendix I, 422–429

INSURANCE COMPANIES: in Belgium, 22, 62, 63; in Denmark, 22, 23; in France, 68; publicity required of, in Great Britain, 45, 170; publicity required of, in Holland, 36; reserves required, 23, 24; state supervision of, in France, 69; state supervision of, in Italy, 41; state supervision of, in Sweden, 38, 39

INSURANCE IN GOVERNMENT DEPARTMENTS, 33–41; in Austria, 33, 40; in Belgium 34, 35, 36, 63; in Denmark, 34; in France, 34; in Germany, 33, 40; in Great Britain, 33, 34; in Holland, 20, 36, 37, 59, 60; in Italy, 82; in Norway, 40, 41, 48, 49, 50; in Sweden, 20, 23, 38, 39, 52; trade unions in Great Britain demand compulsory, 48

INSURANCE OF EMPLOYERS IN MUTUAL ASSOCIATIONS, 26–32

INSURANCE OF EMPLOYERS IN PRIVATE COMPANIES, 14–25; in Austria, 18; in Belgium, 19, 21, 22, 24, 25; in Denmark, 19, 22, 24; in Finland, 19; in France, 19, 21, 22, 25; in Germany, 18; in Great Britain, 19, 21, 22, 23; in Holland, 19, 20, 22, 24, 25; in Italy, 19, 20; in Norway, 18, 22; in Russia, 19; in Sweden, 19, 20, 23, 24, 25; in Switzerland, 19, 20, 22

INTERNATIONAL CONGRESS ON WORKINGMEN'S INSURANCE at Rome, 401, 402, 403

INVALIDITY: of work-accident victims, workmen's compensation act provides for, 282

INVALIDITY AND OLD AGE INSURANCE, 281–364; in various countries, 313–364; in Austria, 361–364; in Belgium, 320–322; in Denmark, 318–319; in France, 322–340; in Germany, 346–360; in Great Britain, 313–315; in Holland, 319–320; in Italy, 343–346; in Norway, 315–317; in Sweden, 317–318; in Switzerland, 340–343; summary of, in European countries, Appendix I, 428–429

INVALIDITY INSURANCE: desirable as matter of public policy, 136; establishment funds provide for, 282; friendly societies provide for, 281; in marine service, 282; in mining

INVALIDITY INSURANCE (*continued*)
industries, 282; in street railways, 282; in the Krupp works, 282; reserves for, 281; simulation, 283, 284

In Austria: administration cost of, 363; administration of, 363; benefits under, 283, 361, 363; contributions, 362, 363; employers' independent organizations for, 364; law applies only to miners and office employes, 361; legislation affecting, 361, 362; premiums, 127, 128, 129, 363; reserves for, 362; Social Democrats demand one law for, applicable to all, 364; wage classification of, (Table) 362

In Belgium: benefits under, 320, 321; contributions, 321, 322; legislation affecting, 320, 321

In Denmark, 285; commission studying, 319; voluntary, recommended by commission, 286

In France, 285

In Germany, 136; administration cost of, 358, 359; administration of, 349, 351; amount of reserve funds on December 31, (Table) 360; annual pensions and government bonuses by wage class, (Table) 350; arbitration, 351, 352, 357, 358; benefits under, 283, 284, 347, 348, 350, 355; compulsory, 347; contributions, 283, 348, 349, 350, 359, 360; contributions returnable, 350, 357; cost of medical care, 355; disbursements for, (Table) 358; disbursement of funds, 284, 356, 358; division of funds, 352; expenditures for benefits, (Table) 356; expenses of management in detail, (Table) 359; investment of funds, 352, 360; joint weekly contributions for, by wage class, (Table) 348; labor market affects number of pensions 354; legislation affecting, 346, 347; number and value of contributions returned, (Table) 357; number of insurance agencies and of persons insured, (Table) 353; number of pensions and number paid for first time, (Table) 353; number of pensions and of contributions returned, and number, per cent and disposition of appeals by courts of arbitration, (Table) 357; number of pensions granted, 354; pensions

INVALIDITY INSURANCE
In Germany (*continued*)
paid, (Table) 355; persons exempt from compulsory, 347; preventive and restorative movement, 355, 356; proposed contributions for, in reform project, (Table) 414; receipts in detail, (Table) 359; reserves for, 360; simulation, 354; state supervision of, 352; supervision exercised through Imperial Insurance Office, 349; total number of appeals and number and disposition of these decided by the Imperial Insurance Office, (Table) 358; under earlier laws, 282; when pensions remain in abeyance in, 350
In Holland: no government provision for, 319
In Italy: administration of, 344; benefits under, 344, 345; contributions to, 343, 345, 346; legislation affecting, 343, 344, 345; premiums, 343; voluntary, 343
In Norway: compulsory, recommended by commission, 285, 286
In Sweden, 285, 286; legislation affecting, 317; schemes for, under consideration, 317, 318

INVALIDITY INSURANCE STATISTICS: summary of accident, sickness, old age and, in Germany, (Table) 91

INVALIDITY OR TOTAL AND PERMANENT DISABILITY: insurance against, 281–286

ITALY: accident insurance and workmen's compensation, 81–89; accident statistics, (Table) 88; administration cost of National Accident Insurance Fund in, 82; Arbitration Board, 87; Associazone degli industriali d'Italia per prevenire gli infortuni de lavoro, 89; Cassa nazionale di assicurazione per gli infortuni degli operai sul lavoro, 82; compensation for work-accidents in, 83, 84, 85, 86; compensation granted seamen, 86; compulsory insurance, 41, 83, 84, 85; compulsory insurance of seamen in, 86, 87; compulsory insurance of sulphur miners, 86, 87; employers' liability in, 3; employers' mutual associations, 19, 20, 28, 29, 85, 86;

ITALY (*continued*)
forms of insurance under National Accident Insurance Fund, 82, 83; insurance in government departments, 82; insurance in private companies, 19, 20; insurance legislation in, 81, 82, 83, 84, 343, 344, 345; invalidity and old age insurance in, 343–346; legislation affecting work-accidents, 86; membership and benefits of unemployment department of Umanitaria, (Table) 388; National Accident Insurance Fund, 82, 84, 85; National Old Age and Invalidity Annuity Fund, 343, 344, 345; number insured and value of annuity fund, (Table) 346; number of mutual aid societies, membership and funds, (Table) 225; occupations protected by compulsory insurance in, 84; premiums in, 224, 343; prevention of work-accidents, 87, 88, 137; sickness insurance in, 224–227; special compulsory insurance societies in, 86, 87; state supervision of insurance companies, 41; statistics of national accident fund, (Table) 88. See also Appendices I and II, 422–431
Accident insurance and workmen's compensation in, 81–89. See also under general topics
Invalidity insurance in: administration of, 344; benefits under, 344, 345; contributions, 343, 345, 346; legislation affecting, 343, 344, 345; premiums, 343; voluntary, 343
Old age insurance in: administration of, 344; benefits under, 344, 345; contributions, 343, 345, 346; legislation affecting, 343, 344, 345; premiums, 343; voluntary, 343
Sickness insurance in, 224–227; welfare of state requires compulsory, 227
Sickness insurance societies in: administration cost of, 226; benefits under, 225, 226; contributions, 224; development of, 224; inadequacy of, 226; per cent of expenditures in, (Table) 226; premiums, 224; publicity required of, 224; registered, receive special benefits, 224; registration of, voluntary, 224; reserves, 224; solvency of, 224, 225
Unemployment insurance in, 387–388; benefits under, 387, 388; con-

ITALY
Unemployment insurance in (*continued*)
tributions, 387; in Milan, 387; in trade unions, 387; "La Società Umanitaria," 387, 388; membership and benefits of unemployment department of Umanitaria, (Table) 388

KNAPPSCHAFTSKASSEN, Germany, 228, 229, 233, 236

KRUPP WORKS: establishment funds, 28; invalidity insurance in, 282

L'ABEILLE, France, 69

L'UNION DU COMMERCE, France, 208, 209

LA FRANCE PRÉVOYANTE, 337, 338; annuity secured by annual payment of 12 francs in, (Table) 338

LA SOCIETÀ UMANITARIA, Italy, 388, 389

LABOR: effect of employer's mutual associations on efficiency of, 139, 140, 141; effect of sickness insurance societies in Germany on efficiency of, 158

LABOR MARKET: affects number of invalidity pensions in Germany, 354

LANDESRECHTLICHEHILFSKASSEN, Germany, 233

LAW, UNION AND CROWN INSURANCE COMPANY: rates and benefits of the, in Great Britain, (Table) 45

LEGISLATION: affecting agricultural laborers in France, 72; affecting funeral and burial insurance in Holland, 198, 199; affecting reserves in Holland, 37; affecting seamen in France, 72; affecting unemployment insurance, in Belgium, 384, in Denmark, 380, in France, 384, 385, in Holland, 383, in Norway, 380, in Switzerland, 385, 386; affecting work-accidents in Germany, 91, 92, in Italy, 86; affecting workmen's compensation, in Belgium, 61, in Denmark, 55, in France, 64, 67, 72, 73, in Great Britain, 42, 43, 44, 46, 47, in Holland, 58, in Sweden, 51, in Switzerland, 74; insurance, in Austria, 115, 116, 117, 121, 262, 263, 264, 265, 361, 362, in Belgium, 61, 199, 200, 320, 321, in Denmark, 54, 55, 56, 189, in France, 64, 67, 72, 73, 201, 202, 203, 205, 210, 211, 322, 324, 327, 329, 330, 331, 332, 333, 334, 335, in Germany, 91, 92, 93, 94, 95, 228, 229, 230, 231, 232, 235, 346, 347, in Great Britain, 42, 43, 44, 46, 47, 169, 170, 313, 314, in Holland, 58, 194, 195, 319, 320, in Italy, 81, 82, 83, 84, 343, 344, 345, in Norway, 48, 183, 184, in Sweden, 51, 187, 317, in Switzerland, 73, 74, 75, 76, 77, 78, 79, 80, 81, 144, 214, 215, 216, 221, 222, 223

LEHRLINGSKRANKENKASSEN, Austria, 265

LES MUTUALITÉS MATERNELLES, France, 214

LITIGATION: in Austria, 132; in Germany, 16; in Great Britain, 21, 46; in France, 21; in Denmark, 23

LOCAL SOCIETY OF DRESDEN, 260

LOCAL SOCIETY OF LEIPSIC, 256, 257, 258, 259, 260

"LOCAL" SICKNESS INSURANCE SOCIETIES: in Germany, 233, 236, 238

MANAGEMENT EXPENSE: items of, of mutual associations of employers, Germany, (Table) 111; ratio of, to contributions and indemnities, Austria, (Table) 130. See also *Administration cost*

MANCHESTER UNITY OF INDEPENDENT ORDER OF ODD FELLOWS, Great Britain, 150, 164, 178, 179, 180

MANLY, H. W.: "Valuation of Staff Pension Funds," by, 298, 299, 300

MARINE INSURANCE LAW: in Germany, 99, 100

MARINE SERVICE: invalidity insurance in, 282

MATERNITY INSURANCE, 166–168; covers unmarried women, 167; in Austria, 166, 167; in Germany, 166, 167, (Table) 246; uncommon in the United States, 168

MINERS: protection of, in Austria, 263, 265, 361, in Belgium, 63, 322, in France, 211, 212, 322, 332, 333, in Germany, 229, 233, 236; sulphur, protected by compulsory insurance in Italy, 86, 87

MINERS' TRADE UNION sickness insurance societies: in Germany, 228, 229

MINES AND QUARRIES: fatalities and injuries in, France, (Table) 71

MINING INDUSTRIES: invalidity insurance in, 282

MUNICIPAL UNEMPLOYMENT INSURANCE: in Germany, 389

MUTUAL AID SOCIETIES: in Italy, number of, membership and funds, (Table) 225

MUTUAL ASSOCIATIONS: insurance of employers in, 26–32

MUTUAL COMPANIES: prevention of work-accidents by, 137, 138, 139, 143, 144

MUTUAL SICKNESS INSURANCE SOCIETIES: in Germany, 232

NATIONAL ACCIDENT INSURANCE FUND, Italy, 82, 84, 85; statistics of, (Table) 88

NATIONAL DEPOSIT FRIENDLY SOCIETY: in Great Britain, 174, 175, 176; financial statement of, (Table) 176; statistics of, (Table) 175

NATIONAL GUARANTEE FUND: in France, 69; growth of, (Table) 70

NATIONAL OLD AGE AND INVALIDITY ANNUITY FUND: Italy, 343, 344, 345

NEGLECT OF FELLOW WORKMEN: employers' liability cancelled by, 6, 7

NEGLIGENCE: employers' liability in France cancelled by victim's gross negligence, 11; law of, governing employers' liability, 5, 11, 17; theory of, in employers' liability, 4–8

NEW ZEALAND: employers' liability in, 3; old age insurance in, 308

NORDEN, Sweden, 53, 54

NON-WAGE EARNERS: old age pensions, 308

NORWAY: accident insurance and workmen's compensation in, 48–50; Anmeldelige Syge-Kasse, 186, 187; classes and rates under sickness insurance law, (Table) 185; compensation for work-accidents, 48, 49; compulsory insurance in, 48, 49; employers' liability in, 3; Enkekasse, 316; estimated number of persons covered by sickness insurance law in, (Table) 185; insurance in government departments, 40, 41, 48, 49, 50; insurance in private companies, 18, 22; insurance legislation, 48, 183, 184; invalidity and old age insurance in, 315–317; net cost of insurance under sickness insurance law, (Table) 185; occupations protected by compulsory insurance, 48; premiums in, 49, 50, 185, 186; prevention of work-accidents, 50, 138; sickness insurance in, 183–187; sickness insurance not compulsory for certain citizens, 157; Sigyn, 50; standing of stock companies insuring employers, 18, 50. See also Appendices I and II, 422–431

Accident insurance and workmen's compensation in, 48–50. See also under general topics

Invalidity insurance in: compulsory, recommended by commission, 285, 286

Old age insurance in: 301; for city employes, 316; report of commission, 315; schemes for, under consideration, 305, 306, 315, 316; state officials protected by, 316

Sickness insurance in, 183–187; compulsory, for all wage earners, 157; compulsory, for city employes, 316

Sickness insurance societies in: administration cost of, 185; benefits under, 184; contributions, 184, 316; legislation affecting 183, 184; membership of, 185; occupations protected by, 184; premiums in, 185, 186

Unemployment insurance in: 374, 375, 379, 380; in trade unions, 380; legislation affecting, 380

OBLIGATORY INSURANCE. See *Compulsory insurance*

OCCUPATIONAL DISEASES: movement for prevention of, 242, 269, 355, 356; classed with accidents, in Germany, 115, in Great Britain, 43

OCCUPATIONAL RISK: employe not paid for, 11, 12, 13

OCCUPATIONS PROTECTED: by compulsory insurance, in Austria, 116, in Germany, 93, 95, 98, 99 100, in Holland, 58, in Italy, 84, in Norway, 48; by employer's liability, in Denmark, 55, in Great Britain, 43, in Sweden, 51, in Switzerland, 74; by sickness insurance societies, in Austria, 263, 265, in France, 211, 212, in Germany, 229, 233, 236, in Norway, 184, in Switzerland, 214, 218; by workmen's compensation act, in Belgium, 61, in France, 64, 67, 68

OFFICE EMPLOYES: protection of, in Austria, 361

OLD AGE ANNUITIES AND PENSIONS, 296–312

OLD AGE AND INVALIDITY INSURANCE, 281–364; in various countries, 313–364; summary of, in European countries, Appendix I, 428–429

OLD AGE INSURANCE: assessment plan for furnishing, 304; attitude of employers toward, 307; average premium method of furnishing, 304; capitalized value method of furnishing, 304; compulsory basis for furnishing, 304; contributions, 300; desirable as matter of public policy, 136; establishment funds provide for, 297, 298, 299, 300; friendly societies provide for, 296, 297; minimum contribution and compulsory system of furnishing, 304, 305, 312; on non-contributing basis, 310, 311; reserves for, 312; schemes for, under consideration in several countries, 305; statistics, summary of accident, sickness, invalidity and, in Germany, (Table) 91

In Austria: administration cost of, 363; administration of, 363; benefits under, 361, 363; contributions, 362, 363; employers' independent organizations for, 364; law applies only to miners and office employes, 361; legislation affecting, 361, 362;

OLD AGE INSURANCE

In Austria (*continued*)

premiums, 363; reserves for, 362; schemes for, under consideration, 305; Social Democrats demand one law, applicable to all, 364; wage classification of, (Table) 362

In Belgium: benefits under, 320, 321; compulsory system for miners, 322; contributions, 321, 322; legislation affecting, 320, 321

In Denmark, 301, 310; benefits under, 318; contributions, 318; substitute for outdoor relief, 309

In France, 301, 302, 305, 308, 310; beneficiaries of compulsory system, 335; benefits granted to parents of more than three children, 331 benefits under, 323, 324, 325, 327, 328, 329, 330, 331, 333, 334, 335, 336, 337, 338; classes of agencies for insuring pensions, 335, 336; compulsory, 322, 332, 333, 334, 335; compulsory system for miners and seamen, 322, 332, 333; contributions, 332, 333, 334, 335; cost to state of pensions increasing, 310; disbursements of funds, 331, 332; government's special provision for, 327, 329, 330, 331; legislation affecting, 322, 324, 327, 329, 330, 331, 332, 333, 334, 335; premiums, 324, 327, 328, 333, 334, 336; principal returnable, and non-returnable, 323, 327, 328, 329, 332; voluntary agencies for, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334

In Germany, 136, 302, 303, 307, 308; administration cost of, 358, 359; administration of, 349, 351; amount of reserve funds on December 31 under, (Table) 360; annual pensions and government bonuses by wage class under, (Table) 349; arbitration, 351, 352, 357, 358; average pensions paid, (Table) 355; benefits under, 347, 348, 349, 355; compulsory, 347; contributions, 307, 348, 349, 359, 360; contributions returnable, 350, 357; disbursements for, (Table) 358; disbursement of funds, 356, 358; division of funds, 352; expenditures for benefits, (Table) 356; expenses of management in detail, (Table) 359; investment of funds, 352, 360;

OLD AGE INSURANCE
In Germany (*continued*)
joint weekly contributions for, by wage class, (Table) 348; legislation affecting, 346, 347; number and value of contributions returned under, (Table) 357; number of insurance agencies and of persons insured, (Table) 353; number of pensions and number paid for first time, (Table) 353; number of pensions and of contributions returned, and number, per cent and disposition of appeals by courts of arbitration under, (Table) 357; number of pensions granted, 354; persons exempt from compulsory, 347; proposed contributions for, in reform project, (Table) 414; receipts in detail, (Table) 359; reserves for, 360; state supervision of, 352; supervision exercised through Imperial Insurance Office 349; total number of appeals and number and disposition of these decided by the Imperial Insurance Office (Table) 358; when pensions remain in abeyance, 350
In Great Britain, 300, 308, 310; administration of, 315; amounts of pensions allowed under act, (Table) 315; benefits under, 314, 315; contributions, 314; cost to state increasing, 310; development of, 313, 314; funds for pensions raised by general taxation, 315; legislation affecting, 313, 314; on non-contributing basis, 314
In Holland: in Amsterdam, 308; legislation affecting, 319, 320; no government provision for, 319
In Italy: administration of, 344; benefits under, 344, 345; contributions, 343, 345, 346; legislation affecting, 343, 344, 345; premiums, 343; voluntary, 343
In New Zealand, 308
In Norway, 301; for city employes, 316; for state officials, 316; report of commission on, 315; schemes for, under consideration, 305, 306, 315, 316
In Sweden: legislation affecting, 317; no provision for, 317; schemes for, under consideration, 305, 306, 317, 318
OLD AGE INSURANCE (*continued*)
In Switzerland: benefits under, 340, 341, 342; contributions, 340, 341; furnished by Canton Neuenburg, 340; furnished by Canton Waadt, 341, 342; no federal provision for, 340; premiums, 340, 341, 342; premiums returnable and non-returnable, 341, 342; schemes for, under consideration by other cantons, 343
OLD AGE PENSIONS: disadvantageous effects of, 309, 310; for non-wage-earners, 308; not a system of workingmen's insurance, 309; substitute for old age relief systems, 308, 309, 311, 312
ORPHANS. See *Pensions to widows and orphans*
ORTSKRANKENKASSEN, Germany, 233, 236, 238. See also *Local societies in Germany*

PATRIA: accident department of the, in Austria, 116
PENSIONS: amount of burial benefits and, paid in Austria, (Table) 127; number and annual value of current permanent, in Austria, (Table) 127
To widows and orphans: contributions in societies insuring, 291, 292, 293; development of societies insuring in Great Britain, 287, 288, 290; effect on remarriage in Great Britain, 294; hazards under voluntary system, 294, 295; in Austria, 127, 128, 129; insurance of, 287–295; of French seamen, 333; proposed extension of compulsory insurance in Germany to cover, 293; not paid when income exceeds certain amount, 293; reserves in societies insuring, 291, 292, 293; societies insuring, in the United States, 288; special payment at time of remarriage, 294; under compulsory system, 290, 291, 292, 293; valuation and registration of societies insuring in Great Britain, 288. See also *Survivorship annuities*
PENSIONS TO WIDOWS OF CLERGY, 289, 290

PENSIONERS: number of, average annual pension and per cent of wages, in Austria, (Table) 128

PHYSICIANS: choice of, in France, 71

PREMIUMS: annuities granted at different ages for an annual premium of one franc in Caisse Nationale des Retraites, (Table) 328; annuity secured by annual payment of 12 francs in La France Prévoyante, (Table) 338; classes and, under sickness insurance law, Norway (Table) 185; (contribution) per month for lowest and highest scale of benefits in Independent Order of Odd Fellows, Great Britain, (Table) 179; Friendly Societies Act regulates, Great Britain, 281; funeral and burial insurance, 160, 161; funeral and burial insurance, Holland, 197; in Law, Union and Crown Insurance Company, Great Britain, (Table) 45; insurance, in Austria, 118, 119, 120, 121, 130, 131, 363, in France, 69, 205, 208, 210, 212, 323, 324, 327, 328, 333, 334, 336, in Holland, 193, 194, 195, 196, in Italy, 224, 343, in Norway, 49, 50, 185, 186, in Switzerland, 340, 341, 342; interest, and other income of the seven territorial associations, Austria, (Table) 130; prevention of work-accidents reflected in, 137; ratio of receipts to payrolls in insurance companies and societies, France, (Table) 69; required to purchase an annuity of 150 francs, beginning at age 50 in Prévoyance Commerciale, (Table) 339; of unemployment insurance in Denmark, 382; of unemployment insurance in Holland, 383

PREMIUMS NON-RETURNABLE: old age insurance, in Switzerland, 341, 342. See also, *Contributions non-returnable; Principal non-returnable*

PREMIUMS RETURNABLE: old age insurance, in Switzerland, 341, 342. See also *Contributions returnable; Principal returnable*

PREVENTION OF DISEASE: in Austria, 269

PREVENTION OF OCCUPATIONAL DISEASES: movement for, 242, 269, 355, 356

PREVENTION OF WORK-ACCIDENTS: by Federation of Sickness Insurance Societies in Vienna, 143, 144; by mutual companies, 137; by state insurance department, 138; by stock companies, 136, 137; in Austria, 121, 139, 143, 144, 269, in Denmark, 137, in Germany, 98, 110, 111, 115, 138, 139, 143, 242, 355, 356, in Holland, 61, in Italy, 87, 88, 137, in Norway, 50, 138, in Sweden, 138; reflected in premiums, 137

PRÉVOYANCE COMMERCIALE, France, 339, 340; premiums required to purchase an annuity of 150 francs, beginning at age 50 in, (Table) 339

PRINCIPAL NON-RETURNABLE: old age insurance, in France, 323, 327, 328, 329, 332; payments under, plan in Caisse Nationale des Retraites, (Table) 329. See also *Contributions non-returnable; Premiums non-returnable*

PRINCIPAL RETURNABLE: old age insurance, in France, 323, 327, 328, 329, 332; payments under, plan in Caisse Nationale des Retraites, (Table) 329. See also, *Contributions returnable; Premiums returnable*

PRIVATE COMPANIES: insurance in, does not release employers from liability, 3, 19, 20, 52; insurance of employes in, 14–25

PRIVATE FRIENDLY Sickness Insurance Societies: in Austria, 265, 269

"PROVIDENT SOCIETIES," by Sir E. W. Brabrook, 181

PUBLIC POLICY: employers' liability insurance contrary to, 14, 15, 16, 17; sickness, invalidity and old age insurance desirable as matter of, 136; various systems of insurance of employers from the standpoint of, 133–144

PUBLICITY: required of insurance companies in Great Britain, 45, 170, in Holland, 36; required of sickness insurance societies in Italy, 224. See also *Reports*

QUEBEC: employers' liability in, 3

RAILWAY EMPLOYES: protection of, in Austria, 121, in Switzerland, 214, 218

RATES. See *Contributions; Premiums*

RATES AND BENEFITS: of the Law, Union and Crown Insurance Company in Great Britain, (Table) 45

RECEIPTS: and disbursements of unemployment funds for eight months ending March 31, 1908, Denmark, (Table) 382; in detail under old age and invalidity insurance in Germany, (Table) 359; of employers' mutual associations in Germany, (Table) 112; of Local Society of Leipsic, (Table) 260

"RECOGNIZED" Sickness Insurance Societies: in France, 202

REFORM PROJECT IN AUSTRIA, 414–420

REFORM PROJECT IN GERMANY, 406–413

REGISTERED: mutual sickness insurance societies in Austria, 265; sickness insurance societies in Italy receive special benefits, 224

REGISTERED AND UNREGISTERED sickness insurance societies: in Belgium, 200; in Great Britain, 169, 170, 171

REGISTERED FRIENDLY SOCIETIES and branches in Great Britain and Ireland: summary of membership and funds of, (Table) 182, 183

REGISTRAR OF FRIENDLY SOCIETIES, 19, 26

REGISTRATION: of sickness insurance societies in Italy voluntary, 224

REICHS-VERSICHERUNGSAMT, Germany, 97, 98

REINSURANCE SCHEME: in Denmark, 163

REPORTS: annual, required from sickness insurance societies in Great Britain, 181; required from employers' liability insurance companies in Great Britain, 33, 34

RESERVES: amount of, of employers' mutual associations, Germany, (Table) 113; amount of, on December 31, under old age and invalidity insurance, Germany, (Table) 360; carried by employers' mutual associations, 24, 29, 30, 31, 32, in Germany, 112, 113, 115; for invalidity insurance, 281, in Austria 362, in Germany, 360; for old age insurance, 312, in Austria, 362, in Germany, 360; in affiliated sickness insurance societies, 149; in establishment societies, 153, 154; in sickness insurance societies, 148, in Austria, 275, 276, in Germany, 254, (Table) 255, 256, 260, in Italy, 224; in trade unions, 151; in societies insuring pensions to widows and orphans, 291, 292, 293; legislation affecting, in Holland, 37; necessary when insurance is voluntary, 161, 162; number and amount of payments and amount of, in the Caisse Nationale des Retraites, (Table) 324; required, in Austria, 121, 129, 131, in Belgium, 24, in Denmark, 24, in France, 67, in insurance companies, 23, 24, in Sweden, 24

RIJKSVESZEKERINGSBANK, Holland, 59

RUSSIA: employers' liability in, 3; employers' mutual associations, 19; insurance of employers in private companies in, 19

ST. GALL: unemployment insurance in 386

SEAMEN: legislation affecting, 72; protection of, in Denmark, 56, in France, 72, 73, 211, 212, 322, 332, 333, in Italy, 86, 87

SEE-BERUFSGENOSSENSCHAFT, Germany, 99

SERVICE PENSIONS: to employes of European governments, 315

SETTLEMENTS UNDER EMPLOYERS' LIABILITY: conditions attending, 8, 14, 15, 16, 17, 18

SICILY. See *Italy*

SICKNESS: in Germany, cause of increase of, 241, 242; in Holland, provided for by poor laws, 195

SICKNESS AND DEATH, Insurance against, 145–277; records compiled by German government, 239, 240, 241

SICKNESS INSURANCE, 147–159; classes and rates under, in Norway, (Table) 185; compulsory systems

SICKNESS INSURANCE (*continued*)
of, superior to voluntary systems, 157; conditions surrounding, in various countries, 155, 156; desirable as matter of public policy, 136; estimated number of persons covered by, Norway, (Table) 185, in Austria, 262–277, in Belgium, 199–201, in Denmark, 189–192, in France, 201–214, in Germany, 227–262, in Great Britain, 169–183, in Holland, 193–199, in Italy, 224–227, in Norway, 157, 183–187, 316, in Sweden, 187–189, in Switzerland, 214–223, in various countries, 169–277; net cost of insurance under, Norway (Table) 185; not generally compulsory, 155; statistics, summary of accident, invalidity, old age, and, in Germany, (Table) 91; summary of, in European countries, Appendix I, 426–427; unfavorable conditions surrounding, on a voluntary basis, 156, 157

SICKNESS INSURANCE SOCIETIES: advantages and disadvantages of affiliated, 149; advantages of centralized, 157, 158; affiliated or federated, 148, 149; benefits under, 148; federation of, in Vienna, 143, 144; funeral and burial insurance in connection with, 162, 163; reserves in, 148; reserves of affiliated, 149; trade unions practically affiliated, 150, 151. See also *Types of Sickness Insurance Societies; Establishment Funds*

In Austria: appeals from courts of arbitration in, (Table) 277; apprentices, 265; arbitration, 267, 276, 277; average benefits per day and per case of sickness and per death, (Table) 273; average contribution and average benefit per member in, (Table) 274; benefits under, 265, 266, 272, 273; benefits under, compared with Germany, 272, 273; building trades, 265; cases and days of sickness and death rate in, (Tables) 270, 271; contributions, 263, 264, 266, 274, 275; development of, 262, 263, 264; district, 265, 268; employer penalized for employing uninsured workmen, 266, 267; factory, 265, 268, 270; financial condition of, (Table)

SICKNESS INSURANCE SOCIETIES
In Austria (*continued*)
275; financial condition of, in percentages, (Table) 276; income and disbursements of, (Table) 274; legislation affecting, 262, 263, 264, 265; miners, 263, 265; number and membership of, (Table) 267, 268; number of, (Table) 266; per cent of sexes in, (Table) 267; private friendly, 265, 269; ratio of various benefits to total benefits, (Table) 273; ratio of various items of expenditure to total expenditure, and income and amount expended per member, (Table) 272; registered mutual, 265; reserves, 275, 276; sickness rate in, compared with Germany, 270; solvency of, 130, 131, 275, 276; total benefits and other expenditures, (Table) 271; total number of cases and days of sickness and deaths, (Table) 269; trade-guilds, 265; trade union, 264; types of, 265

In Belgium: benefits under, 200; contributions, 200; development of, 199; legislation affecting, 199, 200; privileges granted certain, 199; registered and unregistered, 200

In Denmark: administration cost of, 191; benefits under, 189, 190, 191; contributions, 189; legislation affecting, 189; membership of, 189; solvency of, 190; state supervision of, 190

In France: administration cost of, 207; "approved," 202, 203, 204, 206, 207; "authorized," 201, 202; benefits under, 208, 209, 210, 211; character and value of benefits paid by the mutual, (Table) 208; children enrolled in, 202, 203, 205; communal, 209, 210; campaign against infant mortality, 213, 214; contributions to, 202, 205, 207, 212; development of, 201; for miners, 211, 212; for seamen, 211, 212; free, 203, 204, 206, 207; honorary members of, 205; institutions for social welfare, 213, 214; legislation affecting, 201, 202, 203, 205, 210, 211; monthly dues charged by communal, (Table) 210; premiums, 205, 208, 210, 212; "recognized," 202; state supervision of, 203; statistics of miners',

SICKNESS INSURANCE SOCIETIES
In France (*continued*)
(Table) 212, 213; trade unions, 210, 211
In Germany, 92, 136; administration cost of, 251, 252, 253, 260, 262; administration of, 158, 252, 254, 256, 262; adjustment of disputed claims, 254; average amount of death benefits, (Table) 245; average annual contributions per member, (Table) 250; average cost of hospital service per member, (Table) 243; average number of cases of sickness per 100 members, (Table) 241; average number of members per society, (Table) 237; average sick benefits per member, (Table) 245; benefits and contributions, (Table) 251; benefits under, 154, 234, 235, 242, 243, 244, 245, 246, 247, 248, 251, 257, 258, 259, 262; builders', 233; communal, 230, 231, 232, 233, 236, 238; contributions, 155, 234, 249, 250, 251, 257; cost of administration, (Table) 252; decrease in death rate, 242; development of, 227, 228, 229, 230, 231, 232, 256; effect upon efficiency of labor, 158; effect upon trade unions, 158, 159; efficiency of large versus small companies, 238; existing, utilized in connection with new scheme of social insurance, 154; expenditures for benefits, (Table) 356; factory, 233, 236, 238; friendly societies, 229; guilds, 233, 238; in Baden; 230; in Bavaria, 230; in Brunswick, 230; in Dresden, 238; in Hanover, 230; in Leipsic, 238; in Prussia, 228; in Saxony, 230; in Würtemberg, 230; income and disbursements of all, (Table) 253; independent state, 233; legislation affecting, 228, 229, 230, 231, 232, 235; local, 233, 236, 238; membership and amount of sick benefits, including those for women before and after confinement, (Table) 246; membership in, compulsory, 154, 155; membership of, 238, 239; miners' aid societies, 229, 233, 236; miners' trade unions, 228, 229; mutual, 232; number insured in various, (Table) 237; number of, according to size of membership, (Table) 239; number of different

SICKNESS INSURANCE SOCIETIES
In Germany (*continued*)
types, (Table) 236; number of men and women in, (Table) 239; number of pensions and number paid for first time, (Table) 353; number of solvent and insolvent, (Table) 255; pensions paid, (Table) 355; per cent and duration of sickness and per cent of deaths, (Table) 240; percentage of, collecting a given percentage of wages, (Table) 249; percentage of various kinds of benefits paid, (Table) 248; reserves, 254, 255, 256, 260; sickness rate in, compared with Austria, 270; solvency of, 254, 255; total and average cost for medical treatment and medicines, (Table) 243; total and average reserve per member, (Table) 255; total benefits per member, (Table) 248; total contributions of members, (Table) 250; total cost of care of convalescents, (Table) 244; total cost of hospital service, (Table) 243; total disability and death benefits, (Table) 247; total income and disbursements, (Table) 254; total sick benefits paid, (Table) 244; types of, 232, 233, 236; voluntary, compared with compulsory, 236, 237; voluntary mutual aid, 233, 236
In Great Britain: administration cost of, 180, 181; affiliated, 150; annual reports required from, 181; benefits under, 170; contributions, 180, 181; development of, 171, 172, 173; legislation affecting, 169, 170; membership of, 180, 182; number of registered friendly, 180; publicity required of, 170; quinquennial valuation of, 171, 181; registered and unregistered, 169, 170, 171; types of, 171
In Holland: administration cost of, 197; benefits under, 193, 194, 195, 196; development of, 193; legislation affecting, 194, 195; no government provision for, 193; premiums, 193, 194, 195, 196; solvency of, 194; types of, 193, 194
In Italy: administration cost of, 226; benefits under, 225, 226; contributions, 224; development of, 224; inadequacy of, 226; per cent of ex-

SICKNESS INSURANCE SOCIETIES
In Italy (*continued*)
penditures, (Table) 226; premiums, 224; publicity required of, 224; registration of, voluntary, 224; registered, receive special benefits, 224; reserves, 224; solvency of, 224, 225
In Norway: administration cost of, 185; benefits under, 184; contributions, 184, 316; legislation affecting, 183, 184; membership of, 185; occupations protected by, 184; premiums, 185, 186; voluntary, for certain citizens, 157
In Sweden: administration cost of, 188; benefits under, 188; certain, exempt from stamp duty, 187; contributions, 187; legislation affecting, 187; membership of, 187; solvency of, 188; state supervision of, 187
In Switzerland, 77, 78; administration cost of, 220; benefits under, 217, 220, 221; children enrolled in, 217; contributions to, 223; development of, 216, 217; existing voluntary, chief factor in government scheme, 223; for railway and steamboat employes, 214, 218; growth of communal and industrial, (Table) 219; in Geneva, 223; income and expenditures of, (Table) 219; legislation affecting, 214, 215, 216, 221, 222, 223; number and per cent of, and per cent of their membership by kind of benefit, (Table) 217; number and per cent of compulsory and voluntary, and of their membership, (Table) 218; progress of, 221; solvency of, 218

SIGYN, Norway, 50

SIMULATION: in Germany, 354; under invalidity insurance, 283, 284; under Workmen's Compensation Act, 174

SOCIETY OF AUSTRIAN INDUSTRIAL WORKERS FOR ACCIDENT INSURANCE, Austria, 116

SOLVENCY: of employers' mutual associations, 29; of funeral and burial insurance societies, in Holland, 197, 198; of sickness insurance societies, in Austria, 130, 131, 275, 276, in Denmark, 190, in Germany, 254,

SOLVENCY (*continued*)
(Table) 255, in Holland, 194, in Italy, 224, 225, in Sweden, 188, in Switzerland, 218

SPAIN: employers' liability in, 3

STATE ANNUITY FUND: in Belgium, number and amount of deposits and amount of annuities in, (Table) 322

STATE COMPETITION: interferes with operation of employers' liability insurance companies, 215

STATE DEPARTMENTS: employers' mutual associations in competition with, 29

STATE INSURANCE: releases employers from liability, 3–20; discussion of, 33–41.

STATE INSURANCE DEPARTMENTS: prevention of work-accidents by, 138

STATE OFFICIALS: protected by old age pensions in Norway, 316

STATE SUPERVISION OF INSURANCE: in Denmark, 190; in France, 69, 203; in Germany, 96, 352; in Italy, 41; in Sweden, 38, 39, 187

STATSANSTALT FOR LIVSFORSIKRING, Denmark, 34, 288

STEAMBOAT EMPLOYES: protection of, in Switzerland, 214, 218

STOCK COMPANIES: employers' mutual associations in competition with, 29; prevention of work-accidents by, 136, 137

STOCK COMPANIES INSURING EMPLOYERS: in Austria, 18; in Belgium, 19, 34, 35; in Europe, 18, 19; in France, 19; in Germany, 18; in Great Britain, 19, 45; in Holland, 19; in Norway, 18, 50; in Sweden, 19

STOTTERITZ: convalescent home, 259

STREET RAILWAYS: invalidity insurance in, 282

SUBSIDIES. See *Contributions*

SUBVENTIONS. See *Contributions*

SURVIVORSHIP ANNUITIES: provided for in establishment funds, 289, 290, 291; in Belgium, 289; in Denmark, 288, 289, 301; in France, 289

SWEDEN: accident insurance and workmen's compensation in, 51–54; Bore, 53; compensation for work-accidents, 51; employers' liability in, 3, 51; employers' mutual associations, 20, 28, 29, 53, 54; employers not released from liability by insurance in private companies, 52; Forenigen Enighet Ger Styrka, 187, 188; Fylgia, 53, 54; insurance in government departments, 20, 23, 38, 39, 52; insurance in private companies, 19, 20, 23, 24, 25; insurance legislation, 51, 187, 317; insurance not compulsory in, 54; invalidity and old age insurance in, 317–318; legislation affecting workmen's compensation, 51; Norden, 53, 54; occupations protected by employers' liability, 51; present values of annuities under law of 1901, (Table) 53; prevention of work-accidents, 138; reserves required, 24; sickness insurance in, 187–189; standing of stock companies insuring employers, 19; state assessed damages in certain cases, 23; state supervision of insurance companies, 38, 39

Accident insurance and workmen's compensation in, 51–54. See also under general topics

Invalidity insurance in, 285, 286; legislation affecting, 317; schemes for, under consideration, 317, 318

Old age insurance in: legislation affecting, 317; no government provision for, 317; schemes for, under consideration, 305, 306, 317, 318

Sickness insurance societies in: administration cost of, 188; benefits under, 188; certain, exempt from stamp duty, 187; contributions, 187; legislation affecting, 187; membership of, 187; solvency of, 188; state supervision of, 187

Unemployment insurance in, 380

SWITZERLAND: accident insurance and workmen's compensation in, 73–81, 432; administration cost of sickness insurance societies in, 220; annuities secured, Canton Waadt, (Table) 342; Berufsgenossenschaften, 76; compensation for work-accidents, 74; employers' mutual associations, 19, 20, 28, 29; estimated expenditure by government

SWITZERLAND (*continued*) on account of insurance, 81; estimated total and distribution of expenditure for accident insurance, (Table) 81; Krankenkassen, 217, 218; growth of communal and industrial sickness insurance societies, (Table) 219; income and expenditures of sickness insurance societies, (Table) 219; insurance legislation, 73, 74, 75, 76, 77, 78, 79, 80, 81, 144, 214, 215, 216, 221, 222, 223; insurance of employers in private companies, 19, 20, 22; invalidity and old age insurance, 340–343; legislation affecting workmen's compensation, 74; number and per cent of sickness insurance societies and of their membership, (Table) 218; number and per cent of sickness insurance societies and per cent of their membership by kind of benefit, (Table) 217; number and value of policies in and amount of cantonal subsidy to insurance department, Canton Neuenburg, (Table) 340; number entitled to benefits under employers' liability, 81; occupations protected by employers' liability, 74; operation of employers' liability law, 75; premiums in, 340, 341, 342; sickness insurance in, 214–223; workingmen's accidents and compensation paid in factories and trades, (Table) 75

Accident insurance and workmen's compensation in, 73–81. See also Appendix III and under general topics

Old age insurance in: benefits under, 340, 341, 342; contributions to, 340, 341; furnished by Canton Neuenburg, 340; furnished by Canton Waadt, 341, 342; no federal provision for, 340; premiums, 340, 341, 342; premiums returnable and non-returnable, 341, 342; schemes for, under consideration by other cantons, 343

Sickness insurance societies in, 77, 78; administration cost of, 220; benefits under, 217, 220, 221; children enrolled in, 217; contributions to, 223; development of, 216, 217; existing voluntary, chief factor in government scheme, 223; growth

SWITZERLAND
Sickness insurance societies in (*continued*)
of communal and industrial, (Table) 219; in Geneva, 223; income and expenditures of, (Table) 219; legislation affecting, 214, 215, 216, 221, 222, 223; number and per cent of, and per cent of their membership by kind of benefit, (Table) 217; number and per cent of compulsory and voluntary, and of their membership, (Table) 218; protection of railway and steamboat employes, 214, 218; progress of in, 221; railway and steamboat employes protected by, 214; solvency of, 218
Unemployment insurance in, 385–387; benefits under, 387; contributions, 386, 387, in Basel, 386, 387, in Berne, 386, in St. Gall, 386, in trade unions, 386, 387; legislation affecting, 385, 386

TENDENCY TOWARD A COMPLETE AND CONNECTED SYSTEM OF INSURANCE FOR WORKINGMEN, 393–403

TIEFBAU - BERUFSGENOSSENSCHAFT, Germany, 99

TRADE-GUILDS, sickness insurance societies: in Austria, 265

TRADE UNIONS: attitude of, toward compulsory insurance in Germany, 141; benefits provided by, 150, 151; benefits furnished by, in Great Britain, 27, 28; demand compulsory insurance in government departments in Great Britain, 48; effect of establishment societies upon, 153; effect upon, of sickness insurance societies in Germany, 158, 159; number and membership of, which pay benefits in France, (Table) 211; object to workmen's compensation act in Great Britain, 46; oppose establishment funds in Great Britain, 27; practically affiliated sickness insurance societies, 150, 151; reserves in, 151; sickness insurance societies, in Austria, 264, in France, 210, 211; unemployment insurance in, 368, 369, in Belgium, 384, in Denmark, 380, 381, in France, 385, in Germany, 388, 390, in Holland, 382, 383, in Italy, 387, in Norway, 380, in Switzerland, 386, 387

TYPES OF SICKNESS INSURANCE SOCIETIES: in Austria, 265; in Germany, 232, 233, 236; in Great Britain, 171; in Holland, 193, 194

UNEMPLOYMENT INSURANCE, 367–391; attitude of employers toward, 369, 370; attitude of local governments toward, 370, 371; attitude of Social Democrats toward, 391; attitude of state toward, 370; development of, 367, 368; difficulties surrounding, 367; in friendly societies, 368; in trade unions, 368, 369; interest of different classes in, 369, 370; majority of workmen unprotected by, 369; success of compulsory, problematical, 377
In Austria, 391
In Belgium, 384; benefits under, 384; contributions, 384; in Ghent, 371, 373, 384; in trade unions, 384; legislation affecting, 384
In Denmark, 373, 374, 380–382; benefits under, 381; contributions, 381; in trade unions, 380, 381; legislation affecting, 380; premiums, 382; receipts and disbursements of funds, 1908, (Table) 382
In France, 384–385; benefits under, 385; contributions, 384, 385; in trade unions, 385; legislation affecting, 384, 385
In Germany, 388–391; administration, 388; attitude of Social Democrats toward, 391; benefits under, 389, 390; contributions, 388, 389, 390, in Cologne, 371, 372, 388, 390, in Leipsic, 390, in Munich, 371, 390, in Strasburg, 390, in trade unions, 388, 390; municipal, 388; statistics of the unemployment fund in Cologne, (Table) 390
In Great Britain, 378–379; "distress work," 378; labor situation requiring, 378; legislation affecting, 379; proposed, 375, 376, 378, 379; "Unemployed Workmen Act," 379
In Italy: benefits under, 387, 388; contributions, 387; in Milan, 387; in trade unions, 387; La Società

UNEMPLOYMENT INSURANCE
In Italy (*continued*)
Umanitaria, 387, 388; membership and benefits of Unemployment department of Umanitaria, (Table) 388
In Holland, 382–383; administration of, 383; benefits under, 383; contributions, 383; in Amsterdam, 371, 372, 382, 383, in Arnheim, 383, in Hiversum, 383, in The Hague, 373, 383, in trade unions, 382, 383, in Utrecht, 373, 383; legislation affecting, 383; premiums, 383
In Italy, 387–388
In Norway, 374, 375, 379–380, in trade unions, 380; legislation affecting, 380
In Sweden, 380
In Switzerland, 385–387; benefits under, 387; contributions, 386, 387; in Basel, 386, 387, in Berne, 386; in St. Gall, 386, in trade unions, 386, 387; legislation affecting, 385, 386
In various countries, 378–391

UNITED STATES: development of employers' liability insurance in, 14, 15, 16, 17, 18; employers' liability in, 3; employers' liability in, not limited, 17; maternity insurance in, 168; pensions to widows and orphans, societies insuring, 288

UNMARRIED WOMEN: maternity insurance covers, 167

VALUATION OF SICKNESS INSURANCE SOCIETIES: quinquennial, required in Great Britain, 171, 181

"VALUATION OF STAFF PENSION FUNDS," by H. W. Manly, 298, 299, 300

VARIOUS SYSTEMS OF INSURANCE OF EMPLOYERS from the standpoint of public policy, 133–144

VEREINE, Austria, 265, 269

VIENNA FEDERATION OF SICKNESS INSURANCE SOCIETIES: prevention of work-accidents, 143, 144

VITAL STATISTICS: compiled by German government, 239, 240, 241

VOLUNTARY INSURANCE: discussion of merits of, 401, 402, 403; in Austria, 121; invalidity, in Italy, 343; invalidity, recommended by commission in Denmark, 286; number of societies in Switzerland, (Table) 218; for old age, in Italy, 343; unfavorable conditions surrounding sickness insurance on a voluntary basis, 156, 157

VOLUNTARY MUTUAL AID SICKNESS INSURANCE SOCIETIES: in Germany 233, 236

WIDOWS. See *Pensions to widows and orphans*

"WILFUL ACT": interpretation of, in Great Britain, 21, 44

WORK-ACCIDENT INSURANCE, 3–144. See also *Accidents; Work-accidents*

WORK-ACCIDENTS: in Denmark reported to state, 22; increase in number of, in Austria, 123, 124, 125; increase in number of, in France, 71; increase in number of, in Germany, 102, 104; insurance against, 3–144; legislation affecting, 86, 91, 92; part of cost of commodity, 3, 9, 18; statistics relative to, in Austria compared with Germany, 125, 126, 127; statistics relative to. in Germany, 102. See also, *Accident insurance; Compensation; Prevention of work-accidents*

WORK-ACCIDENTS, COMPENSATION FOR: compensation act provides for compensation of victims of, 282; governed by business principles, 9; in Austria, 117, 118, in Belgium, 62; in Denmark, 55; in France, 65; in Germany, 92, 96, 97, 98, 99, 107, 108, in Great Britain, 43, 44; in Great Britain, based on wages, 10; in Holland, 58, 59; in Holland, based on wages, 10; in Italy, 83, 84 85, 86; in Norway, 48, 49; in Sweden, 51; in Switzerland, 74, 432; proportioned to actual financial loss, 9, 10

WORKINGMEN: attitude of, toward compulsory insurance in Germany, 142; majority of, unprotected by unemployment insurance, 369; number of, insured in Austria, 122;

WORKINGMEN (*continued*)
number of, insured in France, 68; number of, insured in Germany, 100; number of, insured in Holland, 61

WORKINGMEN'S ASSOCIATIONS: in Great Britain, 44

WORKINGMEN'S INSURANCE: old age pensions not a system of, 309; tendency toward a complete and connected system of, 393–403; summary of, in European countries, Appendix I, 422–429

WORKMEN'S COMPENSATION: beneficial results of, laws, 20, 21; development of, laws, 133, 134, 135; expense of adjustment under, laws, 21; in Austria, 115–132; in Belgium, 61–63; in Denmark, 54–57; in France, 64–73; in Germany, 89–115; in Great Britain, 42–48; in Holland, 157–61; in Italy, 81–89; in Norway, 48–50; in Sweden, 51–54; in Switzerland, 73–81; legislation affecting, 42, 43, 44, 46, 47, 51, 55, 58, 61, 64, 67, 72, 73, 74; more economical than employers' liability insurance, 10; theory of, 8–13

WORKMEN'S COMPENSATION ACT: in Great Britain, 11, 26, 27, 28, 44, 46; objections to, in Great Britain, 46; and accident insurance in various countries, 42–132; occupations protected by, in Belgium, 61; occupations protected by, in France, 64, 67, 68; provides for invalidity of work-accident victims, 282; simulation under, 174

WORKMEN'S COMPENSATION LAWS IN EUROPEAN COUNTRIES: a substitute for, or supplementary to, employers' liability laws, 18, 19

ZIEKENZORG HANDWERKERS VRIENDENKRING, Holland, 196

THE SURVEY

SOCIAL CHARITABLE CIVIC

A JOURNAL OF CONSTRUCTIVE PHILANTHROPY

THE SURVEY is a weekly magazine for all those who believe that progress in this country hinges on social service: that legislation, city government, the care of the unfortunate, the cure of the sick, the education of children, the work of men and the homes of women, must pass muster in their relation to the common welfare.

As Critic, THE SURVEY examines conditions of life and labor, and points where they fail: how long hours, low pay, insanitary housing, disease, intemperance, indiscriminate charity, and lack of recreation, break down character and efficiency.

As Student, THE SURVEY examines immigration, industry, congestion, unemployment, to furnish a solid basis of fact for intelligent and permanent betterment.

As Program, THE SURVEY stands for Prevention: *Prevention of Poverty* through wider opportunity and adequate charity; *Prevention of Disease* through long-range systems of sanitation, of hospitals and sanatoriums, of good homes, pure food and water, a chance for play out-of-doors; *Prevention of Crime,* through fair laws, juvenile courts, real reformatories, indeterminate sentence, segregation, discipline and probation; *Prevention of Inefficiency,* both industrial and civic, through practice in democracy, restriction of child labor, fair hours, fair wages, enough leisure for reading and recreation, compulsory school laws and schools that fit for life and labor, for the earning of income and for rational spending.

EDWARD T. DEVINE - - - EDITOR

GRAHAM TAYLOR, PAUL U. KELLOGG - - ASSOCIATE EDITORS

105 EAST 22D STREET
NEW YORK

$2.00 YEARLY

SOCIAL FORCES

By EDWARD T. DEVINE

Editor The Survey; General Secretary of the New York Charity Organization Society; Schiff Professor of Social Economy, Columbia University; Author of "Principles of Relief," "Misery and Its Causes," "Efficiency and Relief," "The Practice of Charity," etc.

Twenty-five editorials which discuss subjects of permanent interest have been chosen for this volume from among the six score or more written under the heading Social Forces in THE SURVEY.

They stand for the best in modern practice and thinking in the field of charity.—Chicago "Record-Herald."

He displays in an admirable degree the spirit which will unite varied interests in a strong, united effort against a common foe.—"The Catholic World."

An interesting summary of social ideals and forces coming to the front in American thought and life.—Boston "Evening Transcript."

Consistent, optimistic, stimulating.—Louisville "Journal."

Second Edition. 12mo, 226 pp. Price, postpaid, $1.00

HOW TWO HUNDRED CHILDREN LIVE AND LEARN

By RUDOLPH R. REEDER, Ph.D.

Superintendent New York Orphan Asylum, Hastings-on-Hudson, New York

An interesting description of the moving of an orphanage from a "barracks" institution in the city to country cottages. The author believes in educating the children, not by books alone, but by the sort of training that prepares them for actual life. Every page is full of warm life, anecdote and story.

Gives a new meaning to child training, and illustrates in a vivid way the importance of education outside of books.—"Review of Reviews."

Second Edition. 12mo, 248 pages. Fully illustrated. Price, postpaid, $1.25

VISITING NURSING IN THE UNITED STATES

By YSSABELLA WATERS

Henry Street (Nurses') Settlement, New York

The whole book is so practical and the suggestions are so concrete that persons wishing to establish visiting nursing need only this volume as their guide, and those interested in existing organizations can gain from it many new ideas of administration and efficiency. The Directory of organizations employing trained visiting nurses is a most valuable feature.

The entire nursing profession will welcome this work.—The Trained Nurse and Hospital Review.

Should be in the possession of and be read by every nurse and every social worker.—George W. Goler, M. D., Health Officer, Rochester, New York.

367 pages. Price, postpaid, $1.25

CHARITIES PUBLICATION COMMITTEE
105 E. 22d St., New York

LANE MEDICAL LIBRARY

To avoid fine, this book should be returned on
or before the date last stamped below.

MAY 29 1916